

N. Y., favoring the use of granite for the Federal courthouse in New York City; to the Committee on Appropriations.

9338. Also, petition of Jamie Kelly Association (Inc.), Brooklyn, N. Y., protesting against any further reductions in Federal salaries, especially the salaries of postal employees; to the Committee on Expenditures in the Executive Departments.

9339. Also, petition of International Association of Game, Fish, and Conservation Commissioners, favoring the enactment of the duck stamp bills, S. 4726 and H. R. 12246; to the Committee on Agriculture.

9340. Also, petition of Federal Postal Employees Association, Denver, Colo., opposing Federal pay reductions and time-loss legislation; to the Committee on Ways and Means.

9341. By Mr. MICHENER: Plans for general relief, submitted by W. L. Chase, Route No. 3, Adrian, Mich.; to the Committee on Agriculture.

9342. By Mr. PERSON: Petition of Mrs. Lee Roy Wolfe and 44 others, all residents of Ortonville, Mich., urging the passage of the stop-alien representation amendment to the United States Constitution to cut out the 6,280,000 aliens in the country, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9343. By Mr. RICH: Petition of citizens of Ulysses, Pa., favoring the passage of the so-called stop-alien representation amendment; to the Committee on the Judiciary.

9344. By Mr. RUDD: Petition of Pennsylvania Cannery Association, favoring the revision of the antitrust laws; to the Committee on the Judiciary.

9345. Also, petition of Federal Postal Employees Association, Denver, Colo., opposing any further cut in salary and time-loss legislation; to the Committee on Ways and Means.

9346. Also, petition of Jamie Kelly Association, 93 Court Street, Brooklyn, N. Y., opposing any further reductions in Federal salaries, especially the salaries of the postal employees; to the Committee on Appropriations.

9347. Also, petition of the Granite Cutters International Association of America, Middle Village, Long Island, N. Y., favoring the building of the Archives Building in Washington, D. C., with granite; to the Committee on Appropriations.

9348. Also, petition of International Association of Game, Fish, and Conservation Commissioners, favoring the passage of Senate bill 4726 and House bill 12246; to the Committee on Agriculture.

9349. By Mr. SHREVE: Petition of the Woman's Christian Temperance Union of Waterford, together with other citizens of Waterford and vicinity in Erie County, Pa., urging passage of the stop-alien representation amendment to the United States Constitution; to the Committee on the Judiciary.

9350. By Mr. SNOW: Memorial of A. L. Thomas and many others, favoring the stop-alien representation amendment; to the Committee on the Judiciary.

9351. By Mr. STALKER: Petition of Martha Bock and 45 other residents of Newfield, N. Y., urging support of the stop-alien amendment to the United States Constitution to cut out aliens and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9352. Also, petition of Hope E. Chambers and 65 other residents of Beaver Dams, N. Y., urging support of the stop-alien amendment to the United States Constitution to cut out aliens, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9353. By Mr. STRONG of Pennsylvania: Petition of citizens of Big Run, Pa., favoring the amending of the Constitution of the United States to exclude aliens, and count only American citizens, when making future congressional apportionments; to the Committee on the Judiciary.

9354. By Mr. SUMMERS of Washington: Petition of 25 citizens of Yakima County, Wash., urging support of the stop-alien representation amendment to the Constitution to count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

tionments for congressional districts; to the Committee on the Judiciary.

9355. By Mr. SWANSON: Petition of Mrs. D. H. Meyerhoff and 44 others, favoring the adoption of the stop-alien representation amendment to the Constitution; to the Committee on the Judiciary.

9356. By Mr. TILSON: Petition of Agnes I. Hill and others, urging a stop-alien representation amendment to the Constitution; to the Committee on the Judiciary.

9357. By Mr. WHITTINGTON: Petition of Conference of Governors, held in Memphis, Tenn., December 29, 1932, requesting Congress to provide loans to aid farmers to pay taxes for at least two years; to the Committee on Banking and Currency.

9358. By the SPEAKER: Petition of Filipino residents of Greater New York and Brooklyn, State of New York, protesting against the Hare and Hawes-Cutting bills; to the Committee on Insular Affairs.

## SENATE

WEDNESDAY, JANUARY 4, 1933

The Chaplain, Rev. Z. Barney T. Phillips, D. D., offered the following prayer:

Blessed Lord, who hast gathered into one fold from many nations, tongues, and kindreds the people of these United States, draw them ever closer by the cords of love into fellowship one with another, as becometh the children of one household. Help us, who know not what the day may bring forth, to trust Thee to shine into any gloom of mind, to support us in any trial of our love, and to give us rest in Thine own time.

Remove from us all tediousness of spirit, all impatience and unquietness, that no word may fall from our lips against our will unsuited to the good of our beloved country, and grant us this day such a sense of Thine indwelling that our thoughts, words, and actions, being pure and undefiled before Thee, may redound to Thy honor and glory and to the benefit of all mankind. Through Jesus Christ our Lord. Amen.

### THE JOURNAL

The Chief Clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. Fess and by unanimous consent, the further reading was dispensed with and the Journal was approved.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 44) to provide for the count of the electoral vote by the two Houses of Congress February 8, 1933, in which it requested the concurrence of the Senate.

### CALL OF THE ROLL

Mr. FESS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Robinson, Ark.
Austin	Couzens	Johnson	Robinson, Ind.
Bailey	Cutting	Kean	Schall
Bankhead	Dale	Kendrick	Schuyler
Barbour	Davis	King	Sheppard
Barkley	Dickinson	La Follette	Shipstead
Bingham	Dill	Logan	Shortridge
Black	Fess	Long	Smoot
Blaine	Fletcher	McGill	Stelwer
Borah	Frazier	McKellar	Swanson
Bratton	George	McNary	Thomas, Idaho
Bulkley	Glass	Metcalf	Thomas, Okla.
Bulow	Glenn	Moses	Townsend
Byrnes	Goldsborough	Neely	Trammell
Capper	Gore	Norbeck	Tydings
Caraway	Grammer	Norris	Vandenberg
Carey	Hale	Oddie	Wagner
Cohen	Harrison	Patterson	Watson
Connally	Hastings	Pittman	Wheeler
Coolidge	Hayden	Reed	White
Copeland	Howell	Reynolds	

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

#### BIRTHDAY OF SENATOR CARTER GLASS

Mr. ASHURST. Mr. President, I arise to congratulate the junior Senator from Virginia [Mr. GLASS], who to-day reaches his seventy-fifth milestone.

A constructive statesman, diligent and courageous; proud indeed must be the State making such a contribution to the Federal Government.

With much literary grace Senator GLASS speaks a classic English to which the muse has apparently intrusted her deepest and most sustained meditations.

His services in the Senate are arduous for the public good and are constant endeavors to discover and to follow the truth.

Senator GLASS is one of the few men remaining in American public life who would be at ease in the company of and who would clearly understand the plans and purposes and the processes of thought of the Olympian philosophers, the tragic poets, and the comic dramatists, who in the days of antiquity made Attic Greece immortal.

#### EXPENSES OF JOINT COMMITTEE ON INAUGURAL CEREMONIES (S. DOC. NO. 161)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, fiscal year 1933, in the sum of \$40,000, to pay the necessary expenses incident to the inauguration of the President of the United States on March 4, 1933, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

#### DELINQUENCY REPORT OF THE COMPTROLLER GENERAL

The VICE PRESIDENT laid before the Senate a letter from the Comptroller General of the United States reporting relative to the officers of the Government who on June 30, 1932, were delinquent in rendering or transmitting their accounts to the proper offices in Washington, and the officers of the Government who, upon final settlement of their accounts, were found to be indebted to the Government, and who on June 30, 1932, had failed to pay the same into the Treasury, etc., which, with the accompanying report, was referred to the Committee on Claims.

#### SENATOR FROM NEW YORK

Mr. COPELAND presented the credentials of ROBERT F. WAGNER, chosen a Senator from the State of New York for the term commencing on the 4th day of March, 1933, which were read and ordered to be placed on file, as follows:

#### STATE OF NEW YORK, ss:

We, the attorney general, State senators, and members of assembly, constituting the State board of canvassers, having canvassed and estimated the whole number of votes given for the office of United States Senator at the general election held in said State on the 8th day of November, 1932, according to the certified statements of the said votes received by the secretary of state, in the manner directed by law, do hereby determine, declare, and certify that ROBERT F. WAGNER was, by the greatest number of votes given at the said election, duly elected United States Senator of the said State.

Given under our hands, at the department of state, in the city of Albany, the 9th day of December, A. D. 1932.

JOHN J. BENNETT, Jr.,  
Attorney General.  
WALTER W. WESTALL,  
State Senator.  
RUSSELL G. DUNMORE,  
Member of Assembly.

#### STATE OF NEW YORK.

#### Department of State, ss:

I certify that I have compared the foregoing with the original certificate filed in this office, and that the same is a correct transcript therefrom and of the whole of such original.

Given under my hand and seal of office, at the city of Albany, this 9th day of December, 1932.

[SEAL.]

GRACE A. REAVY,  
Deputy Secretary of State.

#### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate resolutions adopted by the mayor and council of the city of Portland, Oreg., favoring the passage of legislation providing payment

of adjusted-compensation certificates (bonus), which were referred to the Committee on Finance.

He also laid before the Senate a paper in the nature of a petition from sundry citizens, who participated in a local hunger march conference on December 11, 1932, at San Francisco, Calif., indorsing proposals for immediate relief and Federal unemployment insurance placed before the Congress by the national hunger marchers, etc., which was referred to the Committee on Appropriations.

He also laid before the Senate a telegram in the nature of a petition from Carl Winter, secretary Unemployed Council of Greater New York, N. Y., favoring the taking up in open hearings of proposals submitted by the national hunger marchers, which was referred to the Committee on Appropriations.

He also laid before the Senate resolutions adopted by Paper Handlers' Union, No. 5; Independent Coal Dealers' Association of Western Pennsylvania; Paving Cutters Local Union, No. 175; the Ladies' Auxiliary to Fort Pitt Lodge, No. 1, Fraternal Order of Police; and Engineers' Union, Local No. 905, all at Pittsburgh, Pa., protesting against continuance of the furlough provision contained in the so-called economy law, which were referred to the Committee on Appropriations.

Mr. CAPPER presented the memorial of sundry citizens, being representatives of the Christian Sunday school of Hugoton, Kans., remonstrating against the repeal of the eighteenth amendment of the Constitution or the modification of the national prohibition law, which was referred to the Committee on the Judiciary.

Mr. GRAMMER presented a resolution adopted by Rainier Noble Post, No. 1, the American Legion, Department of Washington, favoring the maintenance of the strength of the Army at not less than 14,000 officers and 165,000 enlisted men, and also the maintenance and development of the strength and efficiency of the civilian components of the Army, which was referred to the Committee on Military Affairs.

He also presented a resolution adopted by the Commercial Club of Kent, Wash., favoring the passage of House bill 11930, authorizing a survey of the Green River in the State of Washington, which was referred to the Committee on Commerce.

Mr. COPELAND presented resolutions adopted by the Central Trades and Labor Council of Greater New York and Vicinity, New York City, protesting against the continuance of the furlough plan as contained in the so-called economy act, which were referred to the Committee on Appropriations.

He also presented a communication in the nature of a petition from the Federal Grand Jury Association for the Southern District of New York, praying that whatever change or modification of law or constitutional amendment bearing upon the matter of prohibition be decided upon that it be done immediately and without unnecessary delay, which was referred to the Committee on the Judiciary.

He also presented memorials of sundry citizens of the State of New York remonstrating against the passage of legislation to legalize the manufacture and sale of liquors with an alcoholic content stronger than one-half of 1 per cent, which were referred to the Committee on the Judiciary.

#### THE WORLD COURT

Mr. SCHUYLER presented a resolution adopted by the Larimer County Bar Association at a meeting held in Fort Collins, Colo., on October 20, 1932, which was ordered to lie on the table and to be printed in the RECORD, as follows:

Resolved, That it is the consensus of opinion of this association that the United States should adhere to the three protocols of accession to the World Court, and that the secretary be instructed so to advise the Members of Congress and United States Senators from Colorado.

LARIMER COUNTY BAR ASSOCIATION,  
By H. H. HARTMAN, President.  
HERBERT A. ALPERT, Secretary.

#### "DELAY HAMPERS RECOVERY"

Mr. BARBOUR. Mr. President, I ask unanimous consent that the editorial I hold in my hand, entitled "Delay Hampers Recovery," by Paul Block, which appeared in the



Newark (N. J.) Star-Eagle of December 30, 1932, be printed in full in the CONGRESSIONAL RECORD and appropriately referred.

There being no objection, the editorial was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

#### DELAY HAMPERS RECOVERY

"Do-nothing spirit masters Congress"—"Lack of co-operation a result of wide differences among political leaders"—"Sales tax is discouraged"—"War debt action put aside until after the inauguration of Roosevelt"—"Prospects for repeal and beer not bright and economies will take time."

The above words, written by the New York Times Washington correspondent, and published by the Times, which supported Mr. Roosevelt for the Presidency, tell the true story of the delays in Congress, which delays are preventing recovery in business.

The Star-Eagle opposed Gov. Franklin Roosevelt's election to the Presidency because we did not believe that in the midst of the Republican efforts at reconstruction it was best for the country to change administrations; but when the people voiced their sentiments with votes that elected Mr. Roosevelt, we, in common with other loyal Americans, cheerfully accepted the people's choice and were ready to support him in every sincere effort he would make to help improve the economic condition in which we find ourselves.

Unfortunately, he has not considered it good policy to cooperate with the present administration, apparently preferring to postpone all vital matters until after his inauguration. There are times in governmental affairs, as in business and in the home, when a 60 or 90 day delay is not of utmost importance; but if there ever was a time when every hour of delay is harmful, this is the time.

Every sensible person knows that the first thing to do is to have our Budget balanced, because on the condition of the Government's credit depends the extension of credit by banks to business and through that a greater prosperity to the country.

The Republican leaders desire to balance our expenditures with our income. Most of the Democratic leaders, including Vice President-elect Garner, have recently shown anxiety to do this, too; and it was agreed, besides reducing governmental costs and taxing beer (if that bill is passed by the Senate, signed by the President and not delayed by the courts), that the largest sum still necessary to meet governmental expenses would have to come through a manufacturers' sales tax. But now Mr. Roosevelt has prevented Congress from acting by stating he opposes such a tax, but he does not say how or where he will find \$355,000,000, which amount it is estimated a sales tax would provide to the Treasury.

No doubt President-elect Roosevelt will change his mind when he finds it will be necessary to have such a tax to meet the deficit. He may change his mind also about other important suggestions which have been made to him by President Hoover and the present administration. But all this will come after delays which will be very costly to our people.

We are certain that Mr. Roosevelt is agreed that the first thing to do is to balance the Federal Budget. If he has a plan how to do this without some sort of sales tax, he should present it immediately. The national welfare demands action.

PAUL BLOCK, Publisher.

#### COMPARATIVE FREIGHT RATES

Mr. SCHALL. Mr. President, on December 12 I had printed in the RECORD a letter from Mr. A. McLaughlin, of the McLaughlin Gormley King Co., of Minneapolis, regarding freight rates. As a sequel to this, I am now asking that another letter from Mr. McLaughlin be printed and that it be referred to the Committee on Interstate Commerce.

There being no objection the letter and accompanying table were referred to the Committee on Interstate Commerce and ordered to be printed in the RECORD, as follows:

MINNEAPOLIS, MINN., December 16, 1932.

HON. THOMAS D. SCHALL,  
United States Senate, Washington, D. C.

DEAR SIR: Referring further to our letter of several weeks ago, we are taking the liberty of forwarding to you a comparison of freight rates which the Central Western States are now paying to the west coast as compared to the rates from New York City to the west coast. These figures are taken from the regular tariff of the railroad companies and, therefore, are authentic in every respect.

You can readily see from this sheet of rail rates that it is entirely impossible for the Mississippi Valley to compete for any business outside the territory of the valley itself, when you take into consideration that the carload rate to the Twin Cities from New York and the less-than-carload rate to the west coast are on the basis of \$4.21 per 100 pounds whereas the direct-carload freight rate from New York to the west coast is \$2.12 per 100 pounds and the less-than-carload rate from New York is \$3.77 per 100 pounds as against a rate of \$4.21 from the Twin Cities.

From this rate sheet it is easy to understand why the Panama Canal is of such enormous benefit to the east and west coasts and very greatly detrimental to traffic in the central section of the coun-

try. It is due to the injurious effects of these freight rates that we are respectfully requesting you to support in the strongest possible manner the ratification of the treaty between the United States and Canada for the construction of the St. Lawrence seaway, which you can see is of vital interest to almost the entire Mississippi Valley, and which, when constructed, will remove the enormous amount of discrimination against the central section of the country under the present rate structure.

Please note also the enormous increase in freight rates since 1914.

Respectfully yours,

McLAUGHLIN GORMLEY KING Co.,  
A. McLAUGHLIN.

Comparative freight rates		Per 100 pounds
MINNEAPOLIS RATES		
Carload to Minneapolis from New York and less than carload		
Minneapolis to coast, all rail		\$4.21
Carload to Minneapolis from New York and carload Minneapolis to coast, all rail		
		2.79
NEW YORK RATES		
Carload to coast from New York, all rail		2.12
Less than carload to coast from New York, all rail		3.77
Carload to coast from New York, ocean		.52
Less than carload to coast from New York, ocean		.67
Fourth-class carloads, New York to Minneapolis		
RAIL RATES		
1914		.53
1921		.90
1932		1.19
Standard lake and rail rates, New York to Minneapolis		
1914		.38
1921		.71
1932		1.02

#### FEDERAL AND JOINT-STOCK LAND BANKS

Mr. FESS. Mr. President, some confusion seems to have arisen as to a correct understanding respecting the difference between the Federal land banks and the joint-stock land banks. My correspondence on the subject has been so voluminous that I asked the chairman of the Federal Farm Loan Board to answer some specific questions which I submitted to him regarding the difference between the two banks or the two systems, the Federal land-bank system and the joint-stock land-bank system.

This morning I have a reply from the chairman in parallel columns showing the difference between the two systems. It is a very illuminating statement of fact, and I think it will help to answer many of the questions which have arisen as to the characteristics of the two banks. Therefore I ask unanimous consent that the statement may be printed in the RECORD so that the two will stand in parallel columns in order that they may be contrasted.

Mr. FLETCHER. Mr. President, may I inquire whether this is a report from the chairman of the board or from the Farm Loan Commission?

Mr. FESS. It is not a report. It is a letter in reply to my specific questions to him. It is his reply to my inquiry.

Mr. FLETCHER. I was wondering whether it came from the Farm Loan Board.

Mr. FESS. It comes from Mr. Paul Bestor.

Mr. FLETCHER. Of the Farm Loan Board?

Mr. FESS. Yes.

The VICE PRESIDENT. Is there objection to the request of the Senator from Ohio? The Chair hears none, and it is so ordered.

The statement is as follows:

#### COMPARATIVE SYNOPSIS OF PROVISIONS OF FEDERAL FARM LOAN ACT RESPECTING FEDERAL AND JOINT-STOCK LAND BANKS

DECEMBER 23, 1932.

Each statement in this synopsis is followed by a reference to the applicable provision of the Federal farm loan act and to the United States Code. These citations are made as follows: F. F. L. A. (indicating the Federal farm loan act section), 12 U. S. C. (indicating the title and section of the United States Code). Provisions which are identical with respect to the two types of banks are indicated by asterisks.

FEDERAL LAND BANKS	JOINT-STOCK LAND BANKS
Number and territory	Number and territory
Twelve banks, each located in a city designated by the Farm Loan Board, within one of 12 districts into which the board apportioned the continental United States, such apportion-	No limitation on number of banks; no stipulation respecting location of banks. Each bank may make farm-mortgage loans within the State in which the bank has its principal office,

## FEDERAL LAND BANKS—CON.

## Number and territory—Con.

ment having been made, as required by act, with regard to farm-loan needs of the country. Each bank authorized to make farm-mortgage loans within the territory of its apportioned district. Establishment of branch banks authorized by act in certain Territorial possessions (one branch bank has been established in Puerto Rico). (F. F. L. A. 4; 12 U. S. C. 671, 672.)

## Organization

Establishment of banks by Farm Loan Board mandatory. Each bank under temporary management of five directors appointed by Farm Loan Board until subscriptions to bank's capital stock by cooperative national farm-loan associations reached \$100,000, such temporary directors being required upon appointment forthwith to make organization certificate. (F. F. L. A. 4; 12 U. S. C. 672 et seq.)

Minimum capital of each bank before beginning business: \$750,000. (F. F. L. A. 5; 12 U. S. C. 891.)

Payment of original capital subscription: At times and under conditions prescribed by the Farm Loan Board. (F. F. L. A. 5; 12 U. S. C. 691.)

Original capital: Open to private and State subscription; unsubscribed part of minimum capitalization required to be subscribed by the Secretary of the Treasury. (Of the \$9,000,000 original capital of the 12 banks, \$107,870 was privately subscribed; \$8,892,130 was subscribed by the United States.) (F. F. L. A. 5; 12 U. S. C. 693, 695.)

## Capital stock

Par value of shares: \$5 each. (F. F. L. A. 5; 12 U. S. C. 692.)

Stock representing subscriptions to original capital to be retired; the bank to apply semi-annually, to the payment of such stock, amounts equal to 25 per cent of all sums subscribed to capital by national farm-loan associations, by borrowers through agencies, and by borrowers through branch banks. (All privately subscribed original stock paid off and retired; all Government-subscribed original stock paid off and retired, as of September 30, 1932, except \$147,290.50.) (F. F. L. A. 5; 12 U. S. C. 695, 696.)

After original capital has been subscribed and paid in, no stock may be issued except to subscribers of the following classes (F. F. L. A. 5; 12 U. S. C. 695):

(a) National farm-loan associations: Each association is a cooperative credit, membership corporation, composed entirely of farmers borrowing from a Federal land bank. Each farmer borrower is required, upon obtaining a loan from a Federal land bank, to subscribe to capital stock of the national farm-loan association in an amount equal to 5 per cent of his loan, and to pledge such stock as collateral security with the association, which indorses and becomes liable for the payment

## JOINT-STOCK LAND BANKS—CON.

## Number and territory—Con.

or within some one State contiguous thereto; lending territory of banks may be extended to not more than five contiguous States, inclusive of that in which the bank's principal office is located, in order to permit making loans within territory of liquidated bank where assets and liabilities of such liquidated bank have been assumed. (F. F. L. A. 16; 12 U. S. C. 811 et seq.)

## Organization

Establishment of banks permissive. Corporations permitted to be formed by any number of natural persons, not less than 10. (F. F. L. A. 16; 12 U. S. C. 811.)

Minimum capital of each bank before beginning business: \$250,000. (F. F. L. A. 16; 12 U. S. C. 815.)

Payment of original capital subscription: At least one-half in cash before issuance of charter, balance subject to call by banks' directors. (F. F. L. A. 16; 12 U. S. C. 815.)

No statutory provision for any but private subscriptions to capital.

## Capital stock

No statutory provision respecting par value of shares. (In practice most banks have issued stock of a par value of \$100.)

No statutory provision for automatic retirement of shares of stock representing subscriptions to original capital.

No statutory restrictions as to who may subscribe to stock. No requirement that borrowers subscribe for stock in connection with their loans.

## FEDERAL LAND BANKS—CON.

## Capital stock—Continued

of the loan. Shareholders of every national farm-loan association are individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such association to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares. The association, in turn, is required to subscribe to a like amount of the capital stock of the Federal land bank, and to pledge the same as collateral security for the loan so obtained for its member. (F. F. L. A. 7, 8, 9; 12 U. S. C. 711 et seq.)

(b) Borrowers through agencies: Borrowers obtaining loans through and upon the indorsement of qualified agents, in localities where associations have not been formed, must subscribe to capital stock of the bank in an amount equal to 5 per cent of the loan, and pledge such stock with the bank as collateral security. Commission may be allowed to agent not to exceed one-half per cent per annum on unpaid principal of loan, such commission to be deducted from dividends on the borrower's stock. (Except for a comparatively small number of loans made through agents by the Federal Land Bank of St. Paul in the early years of its operation no loans have been made in this manner, all loans in the continental United States being made through national farm-loan associations.) (F. F. L. A. 15; 12 U. S. C. 801 et seq.)

(c) Borrowers through branch banks in Territorial possessions of the United States: A borrower obtaining a loan through a branch bank must subscribe to capital stock of the Federal land bank in an amount equal to 5 per cent of his loan and pledge the same with the bank as collateral security. (Puerto Rico contains the only branch bank of the Federal land-bank system. Borrowers through this bank may be, and are, charged a higher rate of interest than borrowers from the parent bank through national farm-loan associations in the continental United States.) (F. F. L. A. 4; 12 U. S. C. 672.)

(d) The Government of the United States (see below):

Articles of association must permit increase of capital stock from time to time for purpose of providing for issue of shares to national farm-loan associations and borrowers through agencies and branch banks. (F. F. L. A. 4; 12 U. S. C. 674.)

The act of January 23, 1932, provided that "It shall be the duty of the Secretary of the Treasury on behalf of the United States, upon the request of the board of directors of any Federal land bank made with the approval of the Federal Farm Loan Board, to subscribe from time to time for capital stock of such bank in an amount or amounts specified in such approval or approvals, such subscriptions to be subject to call in whole or in part by the board of directors of said bank upon 30 days' notice with the approval of the Federal Farm Loan Board." Shares so issued to be paid off

## JOINT-STOCK LAND BANKS—CON.

## Capital stock—Continued

No statutory requirement or provision for subscription to stock by borrower or indorser of mortgage.

"The Government of the United States shall not subscribe for any of the capital stock of any such bank." (F. F. L. A. 16; 12 U. S. C. 813.)



## FEDERAL LAND BANKS—CON.

## Capital stock—Continued

at par and retired in the same manner as the original capital stock, and may be retired in whole or in part at any time in the discretion of the directors of a bank and with the approval of the Farm Loan Board; and the board may at any time require such stock to be retired in whole or in part if in its opinion the bank has resources available for that purpose. Proceeds of all retirements of such stock to be held in the Treasury of the United States for the purpose of paying for other stock thereafter issued to the Government.

Appropriation of \$125,000,000 was made for the purchase of capital stock pursuant to the above-quoted authorization, of which amount \$25,000,000 was to be used for the exclusive purpose of furnishing the banks with funds to be used in their operations in place of amounts of which they may be deprived by reason of extensions granted to borrowers. (The entire amount thus appropriated was expended by the Secretary of the Treasury in payment of capital stock subscribed on behalf of the United States.) (F. F. L. A. 5, as amended; 12 U. S. C. 698.)

## Dividends on stock

No dividends on Government-owned stocks; dividends to be distributed without preference on all other stock. (F. F. L. A. 4; 12 U. S. C. 694.)

Dividends may be declared only with approval of Farm Loan Board (under amendment of January 23, 1932). Net earnings available for dividends only after deduction of not less than 50 per cent for reserve account until reserve is equal to outstanding capital stock; a deduction of not less than 10 per cent after reserve is equal to outstanding capital stock. Whenever reserve has been impaired it must be fully restored before dividends are paid. (F. F. L. A. 23; 12 U. S. C. 901, 902.)

## Stockholders' liability

No provision making stockholders liable for debts of the bank in excess of capital paid in and represented by their shares. (For liability of shareholders of cooperative national farm-loan associations, see above.)

## Transfer of stock

Stock held by national farm-loan associations may not be transferred or hypothecated. (F. F. L. A. 5; 12 U. S. C. 693.)

## Management

Board of 7 directors; 3 local directors elected by national farm-loan associations of the land-bank district; 3 district directors appointed by Farm Loan Board to represent public interest; and 1 director at large selected by board from 3 persons receiving highest number of votes upon nominations by national farm-loan associations of the district. (F. F. L. A. 4; 12 U. S. C. 678, 682.)

## JOINT-STOCK LAND BANKS—CON.

## Capital stock—Continued

at par and retired in the same manner as the original capital stock, and may be retired in whole or in part at any time in the discretion of the directors of a bank and with the approval of the Farm Loan Board; and the board may at any time require such stock to be retired in whole or in part if in its opinion the bank has resources available for that purpose. Proceeds of all retirements of such stock to be held in the Treasury of the United States for the purpose of paying for other stock thereafter issued to the Government.

Appropriation of \$125,000,000 was made for the purchase of capital stock pursuant to the above-quoted authorization, of which amount \$25,000,000 was to be used for the exclusive purpose of furnishing the banks with funds to be used in their operations in place of amounts of which they may be deprived by reason of extensions granted to borrowers. (The entire amount thus appropriated was expended by the Secretary of the Treasury in payment of capital stock subscribed on behalf of the United States.) (F. F. L. A. 5, as amended; 12 U. S. C. 698.)

## Dividends on stock

No statutory provision for nondividend stock.

Dividends declared are subject to approval of Farm Loan Board (under amendment of January 23, 1932). Net earnings available for dividends after deduction of not less than 25 per cent for reserve account until reserve is equal to 20 per cent of the outstanding capital stock; a deduction of not less than 5 per cent after reserve has reached 20 per cent of the outstanding capital stock. Whenever reserve has been impaired, it must be restored to 20 per cent of outstanding capital stock before dividends may be paid. (F. F. L. A. 23; 12 U. S. C. 901, 902.)

## Stockholders' liability

"Shareholders . . . individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at the par value thereof, in addition to the amount paid in and represented by their shares." (F. F. L. A. 16; 12 U. S. C. 812.)

## Transfer of stock

No statutory restrictions upon transfer or hypothecation of stock.

## Management

Board of not less than five electors, to be elected by stockholders.

## FEDERAL LAND BANKS—CON.

## Loans—Restrictions upon

Must be secured by recorded first mortgages on farm land.<sup>1</sup> (F. F. L. A. 12; 12 U. S. C. 771.)

Every mortgage must provide for repayment on amortization plan in annual or semiannual installments sufficient to cover interest on the unpaid principal at a rate not exceeding by more than 1 per cent per annum the interest rate on farm-loan bonds last issued by the bank, such interest in no case to exceed 6 per cent per annum.<sup>1</sup> (F. F. L. A. 12; 12 U. S. C. 771.)

Loans made through branch banks, in the Territorial possessions of the United States may bear interest  $1\frac{1}{2}$  per cent greater than that of the last issue of bonds. (F. F. L. A. 4; 12 U. S. C. 672.)

Payments in advance on principal may be made on any installment date after five years from the date upon which a loan is made.<sup>1</sup> (F. F. L. A. 12; 12 U. S. C. 771.)

Loans may be made only for the following purposes (F. F. L. A. 12; 12 U. S. C. 771):

(a) For purchase of land for agricultural uses.

(b) For purchase of equipment, fertilizers, and livestock necessary for proper and reasonable operation of mortgaged farm.

(c) For improvement of farm land, including buildings.

(d) To liquidate indebtedness of the owner of the land mortgaged, incurred for agricultural purposes, or incurred prior to January 1, 1922.

Loans may be made only as follows (F. F. L. A. 14; 12 U. S. C. 791):

(a) Through and upon the indorsement of national farm-loan associations to farmers who have been elected to membership in such associations.

(b) Through and upon indorsement of qualified agents. (For stock subscription and other information in connection with loans through agents, see above.)

(c) Through branch banks in the Territorial possessions of the United States (for stock subscription and other information in connection with branch-bank loans, see above).

Loan may not exceed 50 per cent of value of land mortgaged and 20 per cent of value of permanent, insured improvements thereon, said value to be ascertained by appraisal as provided in section 10 of act.<sup>1</sup> (F. F. L. A. 12; 12 U. S. C. 771.)

The value of the land for agricultural purposes to be the basis of appraisal, and the earning power of said land a principal factor.<sup>1</sup> (F. F. L. A. 12; 12 U. S. C. 771.)

No loan may be made to any person who is not at the time, or shortly to become, engaged in the cultivation of the farm mortgaged. (F. F. L. A. 12; 12 U. S. C. 771.)

No loan may be made to any one borrower in excess of \$25,000, no loan for less than \$100; preference to be given to applications for loans of \$10,000

## JOINT-STOCK LAND BANKS—CON.

## Loans—Restrictions upon

Must be secured by recorded first mortgages on farm land.<sup>1</sup> (F. F. L. A. 12, 16; 12 U. S. C. 771, 818.)

Every mortgage must provide for repayment on amortization plan in annual or semiannual installments sufficient to cover interest on the unpaid principal at a rate not exceeding by more than 1 per cent per annum the interest rate on farm-loan bonds last issued by the bank, such interest in no case to exceed 6 per cent per annum.<sup>1</sup> (F. F. L. A. 12; 12 U. S. C. 771.)

No statutory provision for loans through branch banks.

Payments in advance on principal may be made on any installment date after five years from the date upon which a loan is made.<sup>1</sup> (F. F. L. A. 12, 16; 12 U. S. C. 771, 818.)

No statutory limitations upon purposes for which loans may be made, other than general purpose indicated by title of farm loan act, i. e., "to provide capital for agricultural development." The Farm Loan Board has provided, by section 32 of rules and regulations, that banks shall confine their loans to purposes related to agricultural development.

Loans made direct to borrowers; no requirement of indorsement of the mortgages or pledge of collateral security by cooperative association or by agent. (F. F. L. A. 16; 12 U. S. C. 818.)

Loan may not exceed 50 per cent of value of land mortgaged and 20 per cent of value of permanent, insured improvements thereon, said value to be ascertained by appraisal as provided in section 10 of act.<sup>1</sup> (F. F. L. A. 12, 16; 12 U. S. C. 771, 818.)

The value of the land for agricultural purposes to be the basis of appraisal, and the earning power of said land a principal factor.<sup>1</sup> (F. F. L. A. 12, 16; 12 U. S. C. 771, 818.)

No statutory requirement that borrower be engaged in the cultivation of the farm mortgaged. (F. F. L. A. 12, 16; 12 U. S. C. 771, 818.)

No statutory limitation upon amount of loan to be made to any one borrower. Farm Loan Board has provided, by section 31 of rules and regulations, that

<sup>1</sup>Identical provisions for Federal and joint-stock land banks.

## FEDERAL LAND BANKS—CON.

**Loans—Restrictions upon—Con.**  
and under. (F. F. L. A. 12; 12 U. S. C. 771.)

Applications for loans shall be made on forms prescribed by the Farm Loan Board, shall state the objects to which the proceeds of loan are to be applied, together with such other information as may be required.<sup>1</sup> (F. F. L. A. 12; 12 U. S. C. 771.)

Every borrower shall pay simple interest on defaulted payments at rate of 8 per cent per annum; shall covenant to pay when due all taxes, etc.; to keep insured to the satisfaction of the Farm Loan Board all buildings, the value of which was a factor in determining the amount of the loan, insurance to be payable to the mortgagee as its interest may appear at the time of the loss, and, at the option of the mortgagor and subject to general regulations of the Federal Farm Loan Board, sums so received may be used to pay for reconstruction of the buildings destroyed. Taxes, etc., not paid when due and paid by mortgagee to become a part of mortgage and bear interest at 8 per cent.<sup>1</sup> (F. F. L. A. 12; 12 U. S. C. 771.)

Every borrower must covenant in his mortgage that the whole of his loan shall become due at the option of the bank, if any portion of the proceeds shall be expended for purposes other than those specified in application. (F. F. L. A. 12; 12 U. S. C. 771.)

The rate of interest to be charged for loans may be reviewed and altered by the Farm Loan Board in its discretion, said rates to be uniform so far as practicable. (F. F. L. A. 17; 12 U. S. C. 831.)

**Bonds**

Funds to be loaned on first-mortgage security may be obtained, subject to the restrictions and limitations imposed by the act, upon the issuance of bonds against collateral security not less in amount than the bonds to be issued, such security to consist of qualified first mortgages or United States Government bonds. (Total amount of Federal land-bank bonds outstanding, as of September 30, 1932, \$1,148,924,040, including \$568,600 held by issuing banks.)<sup>1</sup> (F. F. L. A. 18 et seq.; 12 U. S. C. 841 et seq.)

No bank may issue or obligate itself for outstanding farm-loan bonds in excess of twenty times the amount of its capital and surplus. (F. F. L. A. 14; 12 U. S. C. 791.)

## JOINT-STOCK LAND BANKS—CON.

**Loans—Restrictions upon—Con.**  
mortgage will not be approved as collateral security for bonds where amount loaned to any one borrower exceeds 15 per cent of bank's capital and surplus, or is in excess of \$50,000.

Applications for loans shall be made on forms prescribed by the Farm Loan Board, shall state the objects to which the proceeds of loan are to be applied, together with such other information as may be required.<sup>1</sup> (F. F. L. A. 12, 16; 12 U. S. C. 771, 818.)

Every borrower shall pay simple interest on defaulted payments at rate of 8 per cent per annum; shall covenant to pay when due, all taxes, etc., to keep insured to the satisfaction of the Farm Loan Board all buildings, the value of which was a factor in determining the amount of the loan, insurance to be payable to the mortgagee as its interest may appear at the time of the loss, and, at the option of the mortgagor and subject to general regulations of the Federal Farm Loan Board, sums so received may be used to pay for reconstruction of the buildings destroyed. Taxes, etc., not paid when due and paid by mortgagee to become a part of mortgage and bear interest at 8 per cent.<sup>1</sup> (F. F. L. A. 12, 16; 12 U. S. C. 771, 818.)

No statutory requirement for mortgage clause providing for acceleration of loan in the event proceeds are expended for purposes other than those specified in application.

No statutory provision for uniformity of interest rates charged by the several banks; rate of interest not subject to review or alteration by Farm Loan Board. (F. F. L. A. 16; 12 U. S. C. 818.)

**Bonds**

Funds to be loaned on first-mortgage security may be obtained, subject to the restrictions and limitations imposed by the act, upon the issuance of bonds against collateral security not less in amount than the bonds to be issued, such security to consist of qualified first mortgages or United States Government bonds. (Total amount of joint-stock land bank bonds outstanding, as of September 30, 1932, \$480,022,420, including \$2,784,580 held by issuing banks, but not including bonds issued or assumed by banks in receivership.)<sup>1</sup> (F. F. L. A. 18 et seq.; 12 U. S. C. 841 et seq.)

No bank may issue or obligate itself for outstanding farm-loan bonds in excess of fifteen times its capital and surplus. (F. F. L. A. 16; 12 U. S. C. 816.)

Bonds issued by joint-stock land banks shall be so engraved as to be readily distinguishable in form and color from bonds issued by Federal land banks and shall otherwise bear such distinguishing marks as the Federal Farm Loan Board shall direct. (F. F. L. A. 16; 12 U. S. C. 818.)

## FEDERAL LAND BANKS—CON.

**Bonds—Continued**

Every bank primarily liable for bonds issued by it, and also liable, upon presentation of bond coupons, for interest payments due upon any bonds issued by other banks and remaining unpaid in consequence of the default of such other banks; and every bank likewise liable for such proportion of the principal of bonds as shall not be paid after the assets of any other bank shall have been liquidated and distributed. (F. F. L. A. 21; 12 U. S. C. 872.)

**Tax exemption**

Every bank, including the capital and reserve or surplus therein and the income derived therefrom, is exempt from Federal, State, municipal, and local taxation, except taxes upon real estate held, purchased, or taken by said bank. (F. F. L. A. 26; 12 U. S. C. 931.)

First mortgages executed to the banks, and farm-loan bonds issued by them, shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation.<sup>1</sup> (F. F. L. A. 26; 12 U. S. C. 931.)

**BANKING ACT**

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD several letters addressed to me on the subject of branch banking, together with a report of the committee of the Pennsylvania Bankers' Association in relation to the same subject, appearing in Money and Commerce, in its issue of December 24, 1932. I ask that the letters and report may lie on the table.

There being no objection, the letters and report referred to were ordered to lie on the table and to be printed in the RECORD, as follows:

THE FIRST NATIONAL BANK,  
Gettysburg, Pa., December 15, 1932.

HON. JAMES J. DAVIS,

United States Senate, Washington, D. C.

DEAR SIR: The subject of branch banking as embodied in section 19 of the so-called Glass bill will undoubtedly come before your body for consideration soon, and it is our desire to express our views on this bill, and particularly section 19.

It seems to be the judgment of very many sound bankers that any legislation at this time is likely to prove more harmful than beneficial. This same opinion seems to feel that legislation which may be needed should not be passed in the heat of unreasoning criticism, and if there are any reforms to be made in banking, they should be weighed carefully and given plenty of deliberation.

Branch banking is not a cure for the prevailing ills. Business depressions and the contraction incident thereto are bound to effect the banking business. The loss of confidence with the public was not caused by any process of reasoning on their part. Their acts one year ago were based upon fear and hysteria and undoubtedly good banks were forced to suspend not because anything in their structure was not right, but because the public withdrew the tools from them with which they worked.

Some of the banking difficulties were undoubtedly caused by too many banks. If it is correct that those charged with the responsibility of granting charters had discretionary powers, then the responsibility for this expansion in the number of banks is something that the authorities can remedy in the future without further legislation. Reference is frequently made to the branch banking system in Canada. A very careful study and comparison of the peoples and industries and resources and their form of government will convince any student of the subject that the situations are not sufficiently parallel to make a fair and equitable comparison. Those pointing to the Canadian banking system usually do not refer to the failure of one of their large banks in 1923, which, we understand, suspended business and took about 400 branches with it.

## JOINT-STOCK LAND BANKS—CON.

**Bonds—Continued**

No statutory liability for bonds issued by any other bank.

**Tax exemption**

Shares of stock not exempted from inclusion in valuation of personal property of the owner or holder thereof in assessing taxes imposed by the State within which the bank is located; such assessment and taxation shall be in manner and subject to the conditions and limitations applicable to the shares of national-banking associations. (F. F. L. A. 26; 12 U. S. C. 932.)

First mortgages executed to the banks, and farm-loan bonds issued by them, shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation.<sup>1</sup> (F. F. L. A. 26; 12 U. S. C. 931.)

<sup>1</sup> Identical provisions for Federal and joint-stock land banks.

<sup>1</sup> Identical provisions for Federal and joint-stock land banks.



There is a great deal more that could be said on the subject, but we do not desire to burden you with a lot of facts and details, but it is our earnest conviction that it is not desirable at this time to adopt branch banking nor is it desirable at this time to pass any drastic legislation that will have a tendency to retard progress. The opinion seems to prevail among conservative bankers that many of the difficulties that have occurred in the past can and will be ironed out by the bankers themselves in the course of time.

It is earnestly hoped that you will give this matter your very careful consideration, and we urge you to take a stand at this time against any drastic or radical legislation and to take a stand also against branch banking under prevailing conditions.

Respectfully yours,

EDMUND W. THOMAS, *President.*

THE AMBRIDGE NATIONAL BANK,  
Ambridge, Pa., December 19, 1932.

Senator JAMES J. DAVIS,  
Washington, D. C.

DEAR SIR: In line with the action of the Beaver County Clearing House Association we want to take this opportunity of registering our opposition to section 19 of the Glass banking bill, which will be up for consideration at this session of the Congress.

Trusting that there will be enough opposition to this section to eliminate it, we are

Yours very truly,

R. W. AYE, *Cashier.*

THE FIRST NATIONAL BANK,  
Minersville, Pa., December 20, 1932.

Hon. JAMES J. DAVIS,  
United States Senate, Washington, D. C.

DEAR SIR: The First National Bank of Minersville is concerned about the provisions of section 19 of the Glass bill now before Congress. We feel that the enactment of this section into the law will result in the eventual destruction of independent banks. Our bank has been chartered since 1863 and during all the years since its charter was granted it has been serving the people of the borough of Minersville and vicinity. Its contact with the people has been direct and personal, and it has in a large measure been responsible for the building and advancement of the locality in which it is located. The institution of branches of large city banks in localities such as Minersville must result in the destruction of the local bank and the consequent loss to the people of the personal knowledge, contact, and advantage of the local banks.

We can not see any good reason for the adoption of section 19 of the Glass bill, and we request that you will use your best efforts to have it defeated.

Very truly yours,

THE FIRST NATIONAL BANK OF MINERSVILLE,  
By JOHN B. MCGURL.

[From Money and Commerce, December 24, 1932]

REPORT FOR THE COMMITTEE OF THE PENNSYLVANIA BANKERS' ASSOCIATION TO UPHOLD AUTONOMY OF STATE BANKING LAWS AS A PRINCIPLE IN FEDERAL BRANCH BANKING LEGISLATION

By H. B. McDowell, chairman

"The human mind has almost infinite capacity against the intrusion of knowledge!"

The background from which the agitation for branch banking springs can fairly well be established in the large number of bank failures in this country over a period of years, coupled with a belief that branch banking has been a success in other countries.

The urge for the enactment of branch banking laws springs also from those holding companies who have learned, since the Lehman opinion was brought forth, that the set-up under which they now operate is illegal. This group, having adequate finances, has been able to command widespread publicity favorable to their cause, and, as was said of the late P. T. Barnum, has been able to "create events and circumstances" in such a way as to bring to the public mind a desire for the Utopian condition which is held out as an assured result of a structural change in banking practices.

No one of mature thought can possibly believe that a structural change in the practice of banking will automatically bring with it much needed good management and sound practices; and yet this fundamental necessity is dismissed with the statement that the large banking institutions have had good management.

The happenings of the past three years clearly demonstrate that such has not been the case even in the majority of large banks, and, were it necessary to prove that statement, a formidable array of figures could be presented; but banking men know those figures too well for repetition in this report.

A fact of the utmost importance is entirely overlooked in the argument favorable to branch banking:

In 1880 there was one bank for every 15,000 people in the United States and few failures of banks. By 1920 there was one bank for every 4,000 people in the United States (30,000 banks, 120,000,000 people). And since that time there have been many failures. In 1920 there were 31,800 banks, and since then 10,000 have failed—so in 1932 there are slightly less than 20,000 banks,

or one bank for every 6,000 people, and failures have slowed up. (I am using round figures.)

They have not ceased, perhaps because the ratio is still too high, but more likely because some will not be able to recover from the competition that was forced upon them by those who had the authority and power to grant or refuse charters.

If I may be pardoned for a home reference, I would like to demonstrate just how that thing worked in our own city.

Sharon is the center of a community of about 50,000 people, separated into four towns by purely artificial municipal boundaries. In 1920 this community had 10 banks. Sometime previously there had been another which had been put alongside a bank chartered in 1873 in a town of 4,000. This bank never got going and lasted two years. But in 1920 we had 1 bank for every 5,000 people, 3 of which had been chartered after 1915, and 1, after another bank had been absorbed and removed from the field. All of these new banks closed up, one by absorption, and two by failure, prior to 1929.

Therefore, in 1929 we had 7 banks for 50,000 people, or 1 bank for every 7,100, when the balloon went up; and in spite of the fact that banks failed in almost every Ohio town surrounding us within 14, 30, and 70 miles, and in Pittsburgh 76 miles away, no bank in our community has failed since this depression started.

You will get a little clearer picture of the situation when I point out that one of these four towns has 1 bank and 4,000 people. Another town has 1 bank and 3,000 people. Another has 1 bank and 12,000 people. This town prior to 1929 had 3 banks or 1 to 4,000—and Sharon, the center, has 3 banks and 27,000 people, or about 1 bank for each 9,000. The ratio is higher if we include a large population outside the corporate limits on the Ohio side of the line.

Does this not prove the point that the excess competition forced on established banks by the free granting of charters, and not bad management, has been the cause of most of the 10,000 failures in the United States? And does it not also prove that the natural law of demand and supply is curing the evils of this ill-advised expansion? And is not the most needed law, one that will limit the ability to grant charters to a certain measured ratio to population, so that there can be no recurrence of the present debacle in the banking business?

It would seem that such a law is much to be preferred to a law which would permit an unlimited number of branches, extending into communities already well supplied with banks.

Bank men know, so I need not more than mention the fact that branch banking throughout the world has been supported and preserved only by governmental interference and help. And in this country the following is enlightening as to what may be desired by some. I am quoting from the American Banker for December 5, 1932:

"At the Treasury (United States) it is frequently pointed out that failures and suspensions of country banks have shown their weakness \* \* \* and inability to command such strenuous rescue maneuvers with public funds as big banks can. They (the Treasury) admit no suspicion that unwise policies at Washington may have created the conditions which made failures inevitable."

Some of these strenuous maneuvers are illustrated by the following figures:

In the United States in recent years bank deposits have shrunk about \$3,000,000,000. Loans have shrunk about \$7,000,000,000; but the investment total is up \$3,000,000,000. But the increase in investments is wholly in United States Government securities. Federal reserve banks have bought \$1,800,000,000 of United States securities and the Reconstruction Finance Corporation has authorized \$1,400,000,000 of loans—a total of \$3,200,000,000. Therefore, instead of liquidation, there has been a transfer of credit liability to the Federal Government and its agency of \$3,200,000,000 and the banks have traded about that much in loans of various kinds for United States Government short-term notes. This is not liquidation but a transfer of the burden from banks to the Government.

Since 86.2 per cent of all banks in the United States are in towns of 25,000 population or less, and the Reconstruction Finance Corporation report shows that these banks received 86.1 per cent of all the loans made, it is plain that these banks got almost exactly their proper proportion of the loans. But I am informed that this class of banks received not more than 20 per cent of all the money loaned. So it is plain that they are not the greatest recipients of relief and their statements do not show that they have purchased a large amount of Government short-term paper. Therefore, it is plain that these banks have not traded slow notes for short-term Government notes, and, as it is not hard to trace out the ownership of this Government short-term paper, it is likewise fairly easy to determine which banks got the real relief. All of which ties in with the foregoing quotation.

But figures of the Reconstruction Finance Corporation report given out in October are more enlightening than they formerly were and show that while 69.9 per cent of the loans went to banks in towns of 5,000 or less population, 2 per cent of the loans went to cities over 1,000,000 population; but the amount of money loaned was 4,000,000 greater than this 2 per cent, than to the 69.9 per cent of banks, and only 16 per cent of all money loaned went to 70.8 per cent of all of the banks. This last figure, 70.8 per cent, does not appear in that report.

According to the Bankers' Monthly, there have been no banking adjustments of any kind in 68 per cent of all cities and towns in the United States. There are 122,548 cities and towns in the

United States, and there never were more than 31,800 banks. Only 10,275 cities and towns have as much as 1,000 population, and only 420 of these towns which had banks in 1927 are without banks now. Two thousand eight hundred of the towns with 1,000 or more population are so located that they can conveniently use the banking facilities of other near-by towns. There are only 16,000 business communities in the United States, as indicated by the number of first, second, and third class post offices, and to serve these 16,000 communities there are now 19,071 banks.

Must we have a structural change in our banking business to bring service to these 420 towns now without banking facilities? And would branch banking do it?

In Canada, since 1920, 760, or about 25 per cent of the banking offices in the country, have been closed, and there were 11 closed in September, 1932, and 163 have been closed since 1931.

These figures demonstrate that branch banking is contracting just the same as unit banking, so that demand and supply may balance.

It is interesting to note that there is a large measure of dissatisfaction with the Canadian banking law in Canada and that while under their law there should be a revision in 1933 the authorities have postponed consideration of changes for another year on account of the unsettled conditions.

A very good—in this instance—example for this country to follow.

The charge of mismanagement of unit banks is frequently made. To determine the merit of this charge, I made an examination of the figures for the first six months of 1932 to July 1, and this is what I found:

In this period, in the United States, there were 873 banks reported closed. Of these, 405, or 47 per cent, were in the States surrounding Chicago, 150 were in Illinois, and 54 were in the city of Chicago.

My information is that many of these banks which failed in Chicago were originally organized by some of the large loop banks, and when trouble came to some of these banks the parent bank was absorbed but their children, the outlying banks, were abandoned.

In reality this represented a branch or group bank failure and not the failure of unit banks.

What influence the Insull and other large debacles had in bringing about the other failures and to whom the responsibility belongs can be left to your own judgment.

During this same six months there were 25 failures of banks in the State of Pennsylvania, and I made it my business to determine the causes. From sources I believe to be reliable and to be familiar with the reasons for the failures, I have gathered information which permits me to make this summary of causes:

Competition of city banks caused five failures.  
 Charters should never have been granted caused two failures.  
 Withdrawal of public money caused one failure.  
 Stagnation of the coal industry caused six failures.  
 Depression in railroad shops caused one failure.  
 Real estate and slow loans caused two failures.  
 Bad management caused two failures.  
 Seepage of deposits (cause unknown) and bad bonds caused six failures.

It will be noted that in some cases the bank did not fail the community, but the community failed the bank.

In nearly all of the cases it was reported as an additional reason for failure "inability to sell securities and poor bond accounts." Whether this is mismanagement on the part of the purchaser of the bonds or on the part of the creator of the bonds is an open question.

In any case mismanagement does not bulk large in the total of assigned reasons for the failures of the banks in Pennsylvania.

The main causes seem to be the fear engendered in depositors by the advocates of branch banking by their propaganda against unit banks and resulting transfer of funds to city banks and the fundamental changes in the economic conditions of certain industries; while at the same time the creation and distribution of securities, faulty in their inception and sold under high pressure, bulks large as a reason for failures, not only in Pennsylvania but in the United States.

Whether the responsibility for this rests with management or creator is a question, in the solution of which I find myself in considerable disagreement with creators.

In conclusion I am going to leave with you this thought: During the war everything was organized under Government supervision for one purpose—to win the war. Volunteers (dollar-a-year men) came to head commissions for almost every purpose. Efficiency was obtained, production was speeded up, and everyone came to think that the Government could do anything. The heads of the commissions thought the results were due to their massive intellect, and we had born the superman. Most people of intelligence now recognize that these satisfactory results had as their sole motive power the patriotism of our people, and the head of the commission instead of being a leader was pushed along to the success by the patriotism of the citizens of this country.

In my opinion we are not yet ready in America to turn over the banking business of this Nation to the control of the Government and have it consolidated under the supervision of a body of supermen.

# EXECUTIVE REPORT OF THE COMMITTEE ON INTERSTATE COMMERCE

As in open executive session,

Mr. COUZENS, from the Committee on Interstate Commerce, reported favorably the nomination of G. Wallace W. Hanger, of the District of Columbia, to be a member of the Board of Mediation for a term expiring five years after January 1, 1933 (reappointment), which was placed on the Executive Calendar.

## BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GRAMMER:

A bill (S. 5322) for the temporary suspension of legal actions and proceedings in civil transactions; to the Committee on the Judiciary.

By Mr. PATTERSON:

A bill (S. 5323) for the relief of Sadie Bermi; to the Committee on Claims.

By Mr. McNARY:

A bill (S. 5324) granting a pension to Mabel Alstott (with accompanying papers); to the Committee on Pensions.

By Mr. BRATTON:

A bill (S. 5325) for the relief of Sadie L. Kirby; to the Committee on Public Lands and Surveys.

By Mr. NEELY:

A bill (S. 5326) granting an increase of pension to Robert W. Bray; and

A bill (S. 5327) granting an increase of pension to Elmira Holtz; to the Committee on Pensions.

By Mr. WATSON:

A bill (S. 5328) granting an increase of pension to Eliza E. Richardson (with accompanying papers); to the Committee on Pensions.

By Mr. KING:

A bill (S. 5330) to amend the naturalization laws of the United States, and for other purposes; to the Committee on Immigration.

## AMENDMENT OF REVISED STATUTES—TAX ON SHARES

Mr. CAREY submitted an amendment intended to be proposed by him to the bill (S. 4291) to amend section 5219 of the Revised Statutes, as amended, which was ordered to lie on the table and to be printed.

## AMENDMENTS TO BANKING BILL

Mr. CAREY and Mr. BULKLEY each submitted an amendment intended to be proposed by them, respectively, to the bill (S. 4412) to provide for the safer and more effective use of the assets of Federal reserve banks and of national banking associations to regulate interbank control, to prevent the undue diversion of funds into speculative operations, and for other purposes, which were ordered to lie on the table and to be printed.

C. G. MARVEL

Mr. CAREY submitted the following resolution (S. Res. 316), which, with the accompanying papers, was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That the Sergeant at Arms of the Senate be, and he is hereby, authorized and directed to appoint C. G. Marvel a messenger, who shall be paid at the rate of \$2,040 per annum from the contingent fund of the Senate until otherwise provided by law.

## INVESTIGATION BY FINANCE COMMITTEE

Mr. HARRISON. Mr. President, I offer a resolution and ask to have it read, after which I shall ask that it be referred under the rule to the Finance Committee.

The VICE PRESIDENT. The resolution will be read as requested.

The Chief Clerk read the resolution (S. Res. 315), as follows:

*Resolved*, That the Committee on Finance, or any duly authorized subcommittee thereof, is authorized and directed to make an investigation and study of the present economic problems of the United States with the particular object of obtaining the views of such economists, financiers, and other persons as in the opinion of the committee may be able to offer constructive suggestions with respect to the solution of such problems.



For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the second session of the Seventy-second Congress, to employ such clerical and other assistants, to require by subpoena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

Mr. HARRISON. I ask that the resolution be referred to the Committee on Finance, and when it is reported back it will have to be referred to the Committee to Audit and Control the Contingent Expenses of the Senate.

The VICE PRESIDENT. The resolution will be referred to the Committee on Finance.

Mr. REED. Mr. President, may I ask the Senator from Mississippi whether it is his idea that under the terms of the resolution, if it should be adopted, the committee would have authority to investigate the effect of the depreciation of foreign currencies and the adequacy of our tariff?

Mr. HARRISON. I think the committee would ascertain views with reference to every question that might help us to lift ourselves out of the present economic depression.

Mr. REED. Then the Senator thinks that the committee would have authority to go into those questions?

Mr. HARRISON. I think they would be able to obtain views on any question that might be relevant to the purpose of the proposed investigation.

#### FOREIGN COMMERCE AND THE NATIONAL DEFENSE

Mr. FLETCHER. Mr. President, I ask to have inserted in the RECORD a very interesting article appearing in the Foreign Trade-Merchant Marine News for October, 1932, by Hardin B. Arledge, on the subject of Carrying Our Foreign Commerce Supporting National Defense.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

CARRYING OUR FOREIGN COMMERCE SUPPORTING NATIONAL DEFENSE—  
ARLEDGE TELLS OF MIDDLE WEST AND MISSISSIPPI VALLEY FIGHT FOR  
EQUAL OPPORTUNITY AND THEIR JOINING FORCES WITH ALL SECTIONS  
OF THE COUNTRY FOR NATIONAL INDEPENDENCE IN REACHING THE  
MARKETS OF THE WORLD—COOPERATION OF BOTH POLITICAL PARTIES  
HAS MADE THIS POSSIBLE

By Hardin B. Arledge, Washington representative, Middle West Foreign Trade Committee

On the eve of the Twelfth Annual Middle West Foreign Trade and Merchant Marine Conference, to be held under the auspices of the Middle West Foreign Trade Committee at St. Louis, Mo., on October 10 and 11, 1932, it is appropriate to give briefly the reasons why the Middle West Foreign Trade Committee, in cooperation with representative groups like the Mississippi Valley Association, the American Farm Bureau Federation, the National Grange, and like organizations, so earnestly and actively advocates the maintenance of adequate inland and ocean transportation routes to foreign markets.

In order to reach foreign markets, the Middle West must have a proper system of inland routes and rates and adequate American-flag steamship services so that the commerce may move through the ports best suited to the requirements at the time shipments are made.

During and following the World War the Middle West was aroused to the fact it was uneconomic and dangerous to depend almost entirely upon New York—which we termed "the neck of the bottle"—to reach foreign markets. Our products were held at home and on stalled freight cars awaiting an opening in the blocked transportation lanes. Other ports, particularly in the South, were available so far as local facilities were concerned and entirely inaccessible on account of a railroad rate structure which made the cost of transportation to these ports prohibitory.

We had relied upon foreign ships to carry our goods from the ports, and when the war began these foreign ships were withdrawn from the ports. This was sufficient evidence we could not depend on foreign ships, and we also realized we should not at any time expect our competitors in foreign markets to deliver our surplus overseas. No merchant could long hold his customers if the merchant's business rival made deliveries for him.

We were, therefore, confronted with two major problems: The correction of the inland-rate structure so that southern ports would be open to us on a parity with the North Atlantic, and the establishment of regular American-flag steamship lines to connect at the ports with the inland routes.

The Railroad Administration, under the leadership of men of vision and practical experience, put into effect a revised rail-rate system which met most of the difficulties, but not all of them.

These rail rates have been under constant attack by eastern rail carriers and some selfish commercial interests who seek to bar the Middle West from the use of southern ports. Some of these same interests also seriously object to the development of our inland waterways to the ports.

The Middle West does not desire to take away from New York or any other port commerce to which it is entitled and which it can properly handle. The Middle West does seriously object to any policy or arrangement which will prevent it from using on a proper basis all outlets to foreign markets, and it will use every effort to keep these routes open.

The United States Shipping Board, being truly representative of all sections of the country and guided by sound policies laid down by the Congress, utilized the large fleet of vessels built for the war by establishing regular liner steamship services between our ports on the Atlantic, the Gulf, and the Pacific, and the principal ports of the world. These services have been operated for the Government and most of them purchased by companies organized and having the support of the domestic communities primarily interested in the maintenance of the services.

To make private ownership and operation of these services possible and insure their maintenance, the Congress has authorized the grant of what are known as mail and construction loan aids. Mail routes are established on the essential trade routes for lines guaranteeing to maintain regular service for the carriage of mail and commerce. Loans are made for the remodeling of old and the building of new vessels by the contractors on these routes.

Payments under these mail contracts are in no sense gifts or gratuities to individuals or companies. They are carefully worked out payments to services and limited to equalizing the difference between the American and foreign costs of maintaining the services. In other words, they put the American lines on a parity with their foreign competitors who can build and operate on a much lower cost basis.

When the Government, on its own initiative or upon application of some of its citizens, considers the establishment of an ocean mail route, it makes, through committees and examiners, a thorough study and investigation of the proposed service. It determines the amount of mail and commerce available and which may be developed; the value of the line and vessels from a national-defense standpoint; the present service, if any, being rendered; the comparative American and foreign costs of such a service; the American vessels available for the service and the amount of remodeling of old and construction of new vessels probably necessary during the term of the 10-year contract; the American and foreign ports which should be served; and the number of voyages necessary per year.

On the basis of these reports can quite accurately be determined the amount of mail pay the American service should receive. The amount of pay is controlled by the number of trips the service is permitted to make, and the rate of pay is on a mileage basis per voyage.

After these reports are compiled they are passed upon by the Postmaster General and the Shipping Board before advertisements for bids are issued and contracts are awarded. The successful contractors furnish surety bonds guaranteeing the performance of their contracts.

Loans are made for reconditioning and construction of vessels only after a most exhaustive study by the Shipping Board and approval of the plans by the Secretary of the Navy. The loans are secured by a first mortgage on each vessel and in many instances the borrower, if he is a mail contractor, places in escrow a sufficient amount of his mail money to secure the loan.

The law requires that new vessels must be of the best and most efficient type, and shall be fitted and equipped with the most modern, efficient, and economical engines, machinery, and commercial appliances. The plans and specifications are submitted to and approved by the Secretary of the Navy.

The amount of the Government's contribution to the merchant marine is very small in comparison to the great benefits resulting from the possession of this merchant marine. It is a dependable delivery system, a protection against excessive ocean rates, and an invaluable naval or military auxiliary in time of war or national emergency. Revenue received by American ships is spent in this country and is a direct gain to labor and industry. When it is realized that the passenger and freight revenue received by American ships in foreign trade during the decade 1921-1930 is conservatively estimated at more than \$3,000,000,000, it can be seen what this means. American ships mean American shipyards employing much labor and purchasing from countless other industries. We can not get along without these shipyards in time of war and skilled shipyard workers can not be produced overnight. Shipyards can not exist without the merchant-marine work.

One of the most gratifying aspects of the development of the new American merchant marine has been the absence of political partisanship in the formulation, enactment, and administration of our merchant marine laws.

Democrats and Republicans have worked shoulder to shoulder, unselfishly and steadfastly, in studying the subject and developing policies and programs to establish and maintain regular and efficient liner services under the American flag between our ports and the principal ports of the world. That their joint efforts have been successful is shown by the fact we to-day have these splendid lines affording opportunity to all sections of our country to reach world markets.

This is as it should be. In the decade 1921-1930 American ships carried 40 per cent of our foreign water-borne commerce. Prior



to the World War they were carrying 10 per cent. They should carry not less than 50 per cent.

Our people favor a tariff to maintain the American standard of living and disagree only as to the measure of the tariff. A tariff for industry is necessary and it is just as necessary for the American merchant marine. The aid contributed by the Government to the merchant marine is in effect the same as the tariff to protect our agricultural and manufacturing industries. Both are to meet the difference between American and foreign costs of labor and materials.

Foreign governments liberally aid their merchant marines through mail contracts and subventions, loans, and direct payments. The mail aid is widely used and appears to be the most desirable and fairly administered form of aid. American ships must thus be protected against the lower foreign costs and the aids bestowed by foreign governments.

Our hope is that each section of our country will recognize the rights and needs of other sections and all will work for the best interests of the whole country.

We must not let foreign interests or others who may be directly or indirectly interested in foreign ships or industries by shrewd propaganda lessen our resolve to maintain an American merchant marine adequate for our commerce and to serve us in times of national emergency.

The Middle West proposes to continue its efforts to secure and maintain adequate transportation lanes and proper rates through our ports on the Atlantic, the Gulf, and the Pacific.

#### SILVER AS MONEY

Mr. WHEELER. Mr. President, I ask leave to have published in the RECORD a communication appearing in the Philadelphia Record of the 1st instant, entitled "Silver as Money."

There being no objection, the communication was ordered to be printed in the RECORD, and it is as follows:

#### EDITOR OF THE RECORD.

SIR: In a comprehensive report entitled "The Silver Market," by Herbert M. Bratter, of the finance and investment division of the United States Department of Commerce, this statement is made which seems to me requires further elucidation: "A commodity, in the dictionary sense of the word, is that which is bought and sold. It is under this definition that silver is classed as a commodity in this study. Gold, also, is a commodity; it is bought and sold. But gold is in addition an important standard of value and in normal times practically all the world's business transactions are directly or indirectly, measured in gold. This places gold distinctly in a class by itself."

But it is in a class by itself because selfish bankers throughout the world have been powerful enough by law to make it the standard of value, a yardstick, so to speak, against which all other commodities are measured.

Since the legislatures of the world gave gold that power through law, the legislatures can take that power away by law through demonetization, as was done with silver, and then as a commodity it would not intrinsically be worth as much as silver—in fact, dentists are even discarding it.

That the demonetization of silver which for centuries has been on a money basis of exchange—not a commodity—of more than a billion people for service and products is nine-tenths of the cause of the world depression was pointed out nearly four years ago by the writer when Congress was called into special session to revise the tariff, which was 20 per cent too high.

Since then so-called economists have been talking technocracy and other childish palliatives when it is plain that distribution of goods and service throughout the world has broken down because of antediluvian money system. That bimetalism—gold and silver—at a proper ratio is the solution of the world debacle is as plain as a pikestaff, and the writer feels confident that after the inauguration of Franklin Roosevelt machinery will be set in motion which will bring about the most constructive legislation in a century, ending for all time so-called cyclical depressions.

W. J. DWYER.

#### FOREIGN DEBTS

The VICE PRESIDENT. Morning business is closed.

Mr. JOHNSON. Mr. President—

The VICE PRESIDENT. The Chair will state that the Senator from California gave notice that he intended to speak at this time. Is there objection to his addressing the Senate? The Chair hears none, and the Senator from California is recognized.

Mr. JOHNSON. Mr. President, I desire to say a word or two upon the foreign-debt situation. I realize that when a Senator indulges in an expression of this sort, it is a mere euphemism; but I assure the Senate that the time I propose to devote to this particular discussion will not be unduly prolonged, not that the subject does not require it but that I may not unduly tire my brethren upon the floor.

Mr. President, Mr. Claude G. Bowers, an eminent writer, has aptly characterized the insistent, persistent, impatient, irritable, irascible, and denunciatory class who with their

agents and their press are now bludgeoning the Congress and the American people for cancellation and revision of our debts as "the American foreign legion," and that characterization is so apt that I think my brethren who have followed the discussions that have occurred in the past few months will with me compliment Mr. Bowers upon his facility of expression in designating those who can not see America, and we have a thought only for nations across the sea, "the American foreign legion."

Mr. President, the story has oft been told of the debts due us by foreign governments. It is true the tale, 15 years old now, is one that time has dimmed and one, too, concerning which there has been so much misinterpretation and misunderstanding and misconception and misrepresentation that perhaps a very large number of our people do not realize what was done in those years gone by and just exactly what it was that America did for Europe, even though they realize now what Europe does to America. So it is my purpose, Mr. President, very briefly to recall the background of the debts owing us, to recall it, so that, our memories being refreshed, we may understand what has transpired in the last few months and so that, if we still have the American instinct in us, we may respond to these gentlemen who are preaching cancellation, revision, modification, or anything else which will permit Europe to go scot free in the payment of their just obligations and so that we may visit upon these people and that part of the American press thus indulging not only our feeling of distress and our feeling, indeed, of outrage, but the contempt, too, of every man who has aught to-day to do with the present situation.

You of the older generation will recall that during the war, when we first engaged in it, we authorized certain loans. We authorized four Liberty loans and one Victory loan. We expressed upon the face of those authorizations exactly the terms upon which the loans were issued; and at the same time we authorized, from the proceeds of those bonds when they were sold to the American people, loans to our associates abroad who were engaged in the great World War.

Do you remember, Mr. President, how we sold these bonds, and do you remember the campaign that we undertook in that sale? None of us who participated in it can ever forget it. Every man in this country who was supposed to have a persuasive voice and every woman able to present at all an appeal to our people, all were sent forth upon the highways and the byways to beg and to plead, to cajole, and demand that our people should give "until it hurt." There are some things in connection with the sales that then were made of Liberty bonds that I would prefer to forget, for I recall there were communities in this land that dealt with recalcitrants in rather a summary fashion. I can remember how men were listed in different small communities in the United States, how their possessions were audited by those who assumed to say just what they had, and how they were allotted by our people in those communities certain of these bonds, allotted them and made to take them during that time. I can recall all that we then did, and how our people responded with a patriotism and a generosity unparalleled in the annals of the world; responded so nobly that they won the encomiums and the praise, aye, then the gratitude of every nation on the face of the earth.

We sold our bonds to the American people. It was the American people—and I can not emphasize that too strongly in what I say to-day—who paid the price and paid for these great undertakings that then were so stupendous in character that the world looked at them askance.

We were told as we sold those bonds, do you not remember, by a great statesman of Britain, "We have scraped the bottom of the pan?" Do you not remember how those financiers in this country who were representing Britain told us that unless there were forthcoming financial assistance the war could not be carried on by our associates? Do you not remember all those things? Do you not recall how our people in some instances beggared themselves that they might perform what they thought was a patriotic duty



and buy the bonds of their country? And do you not recall that those in responsible position then said, what they had a right to say, that these bonds would all be repaid with the interest that was due upon them by the foreign countries to which we loaned the money obtained on those bonds and that there never could be a loss upon any issue offered to the American people, because foreign governments, so grateful for our generosity, would pay every penny of the loans which were made and the interest which would compensate us not only for the interest upon the face of our bonds but for the expenses of overhead and the like? I recall those promises; I made some of them myself in the bond campaigns that I conducted in behalf of the Government of the United States at that time. We realize, Mr. President, all that then was done.

Ah, how grateful were our associates in the war when we came to the rescue not only with our men but with our money, for they could not proceed without further financial assistance. How well I recall the bitter, anguished cry that came to us from France just as we entered upon the great conflict—"Our backs are to the wall." And I recall how they prayed for us to come to the rescue. I recall how in the first days of that war we watched our men go abroad. I remember when the first engagement occurred and our blood had been spilt upon the soil of France. I can recall the days when we were urging our people to give and give "until it hurt." All those days are forgotten now by the American foreign legion that is preaching the doctrine of Europe and has little to do with and little thought of those at home.

The American foreign legion, with its press, the intelligentsia, the intellectuals, are upon such a high eminence that they can look across the sea, but they have no desire and no ability to look down where there are just American citizens; and, sir, although the policy has been since the 1st of December last to shush, shush, shush any suggestion of a thought or any suggestion of debate upon the foreign debts, now finally when the shush-shush-shushing goes on only as to one side and the American foreign legion continue their bombardment and propaganda upon the other, it is not inappropriate that something should be said, even inadequately as I say it, that something should be said, even by a little American like myself in behalf only of the American people and what the American people have done. So it is that I recall first our bond issues.

Next I recall our loans. We loaned to nations abroad upon their obligations in writing, obligations constituting substantially promissory notes with interest at 5 per cent per annum. Those were the original obligations that we took. How glad they were to give those obligations for the face of the loans with 5 per cent interest! There was no question then, sir, of modification, revision, negotiation, conference, commission, or cancellation. There was no question then of protest; no voice was heard demurring at all. They walked up to the counter, all of them, glad and happy, we in our generosity sharing their sympathies and sharing their happiness; but they walked up and they signed their obligations for the face of the amounts that were due, with 5 per cent interest written into those obligations. And so, sir, the genesis of the debts that were due from Europe was first in the Congress of the United States in the authorization; secondly, in the Liberty bonds that we sold to our people for the purpose of making the loans; and, thirdly, in the execution of the promissory notes with 5 per cent interest.

And so we went on during the war. As you look over the table of the loans that were made, your head becomes dizzy; and I do not pretend at all to understand figures of that magnitude. And then the armistice came; and then again came the anguished cry from Europe—not the cry that had been presented originally, not the cry that we answered, not the cry that we answered both in money and in blood. There came the anguished cry from Europe then of the destruction and destitution that were confronting them, and the aid that they desired of the United States of America in order that they might subsist as nations, go on as peoples, and be rehabilitated and restored to something approaching and approximating the condition of pre-war days;

and the United States of America, following its generosity, gave to these nations, by loans after the armistice, something over \$3,000,000,000. Three billions of dollars—what an amount it seems—after the armistice; after the armistice. Do not forget that, because most of these nations that made refunding agreements with us have not agreed to pay all they owe, but only a part of that which we gave to them for rehabilitation after the armistice, and some of these nations that prate about the harshness of this country as a creditor have agreed to pay but a small proportion of any part of the loans.

So, Mr. President, we went on then with our giving and our giving and our giving. As long as we gave, by the loans that have been indicated, and accepted the promissory notes, just so long were we considered one nation on earth of idealism, and a nation indeed to which all of them looked with that peculiar respect and regard and affection that we always pay to our creditors, from whom we expect additional favors.

Then came hints all along the line—at first only hidden in some degree—hints of a different sort of arrangement that might be made with these governments. There came, here in Paris, there in London, again in Washington, some suggestion that there might be a difference in payment or a difference in amount as to the sums that had been given to these foreign nations. Finally, in 1920, the President of the United States thought it essential that he should make very plain the position of our Government and our country; and in a letter to Lloyd George at that time he left no room for doubt.

I recall these things not alone because of the interest they have for me. They have a great interest, because we were all part of it here in those days gone by. I recall them because they make a perfect background to the picture that is now presented, to the picture that was presented on the 15th day of December last when some of those most indebted to us dishonored their signatures and refused to pay their obligations.

The President was answering Mr. Lloyd George, who then was in charge of the British Government, and he said:

I turn now to the problem of interrelated indebtedness, which you raise. I must deal with this matter with great frankness, as I am sure you wish me to do. It is desirable that our position be clearly understood in order to avoid any further delay in a constructive settlement of reparations which may arise from the hope that the debts of this Government can form a part of such settlement. It will be helpful if, first of all, I indicate our legal situation.

The Secretary of the Treasury is authorized by United States law to arrange for the conversion of the demand obligations of the British Government into obligations having a fixed date of maturity, in accordance with the agreement of the British Government to make such exchange on demand contained in its existing obligations. In connection with such exchange the Secretary of the Treasury has authority to arrange for the postponement of interest payments. No power has been given by the Congress to anyone to exchange, remit, or cancel any part of the indebtedness of the allied governments to the United States represented by their respective demand obligations.

The promissory notes that they had given, with the 5 per cent interest, were all demand obligations.

It would require congressional authority to authorize any such dealing with the demand obligations, and the Congress has the same authority to authorize any disposition of obligations of the British Government held by the United States, whether represented by demand obligations or by obligations having a fixed date of maturity. It is highly improbable—

Adds President Wilson—

that either the Congress or popular opinion in this country will ever permit a cancellation of any part of the debt of the British Government to the United States in order to induce the British Government to remit, in whole or in part, the debt to Great Britain of France or any other of the allied governments, or that it would consent to a cancellation or reduction in the debts of any of the allied governments as an inducement toward a practical settlement of the reparation claims.

There is no misunderstanding that language, and there was none at the time that it was penned. It was understood thoroughly then. It has been understood ever since, under three administrations in this land. There never was a question, until 1931, that the position that was taken by President Wilson was the official position of the United States of



America. If that position has been altered—which I deny, because of the provision of Congress itself—if that position has been altered, it was altered without authority of law or without right in any statute of this land.

President Wilson's position, maintained in 1920, was the position fixed then of the United States Government, and has been the position of the United States Government constantly and continuously since, even though attempts might have been made to alter it in 1931 and in 1932.

As a matter of fact, such a settlement in our judgment would in itself increase the ultimate financial strength of the Allies.

You will recall—

Adds President Wilson—

that suggestions looking to the cancellation or exchange of the indebtedness of Great Britain to the United States were made to me when I was in Paris. Like suggestions were again made by the Chancellor of the Exchequer in the early part of the present year. The United States Government by its duly authorized representatives has promptly and clearly stated its unwillingness to accept such suggestions each time they have been made and has pointed out in detail the considerations which caused its decision. The views of the United States Government have not changed, and it is not prepared to consent to the remission of any part of the debt of Great Britain to the United States. Any arrangements the British Government may make with regard to the debt owed to it by France or by other allied governments should be made in the light of the position now and heretofore taken by the United States, and the United States in making any arrangements with other allied governments regarding their indebtedness to the United States (and none are now contemplated beyond the funding of the indebtedness and the postponement of payment of interest) will do so with the understanding that any such arrangement would not affect the payment in due course of the debt owed the United States by Great Britain. It is felt that the funding of these demand obligations of the British Government will do more to strengthen the friendly relations between America and Great Britain than would any other course of dealing with the same.

The United States Government entirely agrees with the British Government that the fixing of Germany's reparation obligation is a cardinal necessity for the renewal of the economic life of Europe and would prove to be most helpful in the interests of peace throughout the world; however, it fails to perceive the logic in a suggestion in effect either that the United States shall pay part of Germany's reparation obligation or that it shall make a gratuity to the allied governments to induce them to fix such obligation at an amount within Germany's capacity to pay. This Government has endeavored heretofore in a most friendly spirit to make it clear that it can not consent to connect the reparation question with that of intergovernmental indebtedness.

Thus in the latter part of 1920 the position of the Government of the United States was made plain to its principal debtor, and then there arose negotiations with various countries looking to a refunding of the obligations. It was assumed, of course, that it might be onerous upon some of these nations to compel them at once to pay principal and interest, and so it was that the Congress of the United States created the Debt Funding Commission in 1922, with authority to undertake the refunding of these obligations, which were in the form of promissory notes, with 5 per cent per annum interest, and were in the Treasury of the United States.

The Debt Funding Commission was created in 1922. Subsequently, when negotiations began with Great Britain, it was found that the terms for refunding fixed by the original act were such that they could not in reality be consummated by the negotiators at that time; and so it was in 1923 that we amended the Debt Funding Commission Act, and the Debt Funding Commission was authorized to deal with Great Britain at that time. Subsequently, after protracted negotiations, an agreement was made with Great Britain, and that agreement was duly executed by the parties and approved by the parliaments of both countries.

Thereafter, having begun the work of refunding, it proceeded with a fair degree of rapidity with our other debtors.

In the meantime, however, the treaty of Versailles had been ratified, and the great central empires had been dismembered. It is a glorious page in the history of our country that when the victors sat about the peace table and were dismembering the enemy nations our country asked neither reward nor spoil nor booty; and in some part, at least, the ideals with which we entered the war were carried out in the making of the peace. Not so with other nations. There they sat, carving this and carving that; there they sat, tak-

ing this and taking that, until they had taken practically everything of value that could be taken of the central powers save their mere miserable national existence.

When they had concluded taking everything they could, taking new peoples to the numbers of millions, and square miles of territory of equal numbers of millions, when they had succeeded in doing that, Uncle Sam took nothing, neither money, reward, spoil, nor booty, and I can not resist a bit of indignation with this intelligentsia and these intellectuals, with these members of the American foreign legion, who talk of a common enterprise, a common enterprise in which we engaged, and who demand now not only that we continue a part of the common enterprise but that we pay the whole price of it, and our associates in the war retain all the spoil and all the booty of war.

Britain took more than a million square miles of territory under the treaty of Versailles. Britain took, under the treaty of Versailles, hundreds upon hundreds of thousands of human beings. France took hundreds of thousands of square miles of territory of the vanquished nations, and Alsace and Lorraine.

Do we not recall Italy, and the Italia irredenta section Italy desired? They took what they desired, and all along the line territory and peoples were bandied about and were taken by our associates in war; yet some Americans have the sublimated cheek to talk to us about a common enterprise, for which we should give not only our men and all our money, the money they borrowed, and which we said our people would receive back, not only that we should pay it in our taxes but that they should have our money and our men, and that they should have all the booty of war as well; and they look upon all the rest of us who do not approve a stand of that sort as demagogues.

What a strange thing that epithet has become so common in this land. If any man dares to stand here, if he dares to go into any part of the press, preaching a doctrine which he thinks is for the benefit of his own people, and dares to stand stalwart and foursquare in behalf of America, by that very token he is a demagogue; and the only statesmen there are, the only real statesmen left in this country, according to some, are those complaisant with J. P. Morgan & Co. and the other international bankers, and who can reach across the water with their voices because of their great sympathy for countries over there and against their own.

Oh, I wish that America would raise a little crop of demagogues such as these people denounce. We need them in this country now; we have needed them in the past; and I am hoping, with the changes which may occur within a brief period, that we will have those in control who look upon one thing, and one alone, first—the great American people and the United States of America.

Passing that, however, for that is by way of diversion only, we come to the settlement which was effected with Great Britain. It was effected after long negotiations and very elaborate preparation. That settlement was the basis for settlements made with other countries.

I recall, when we made the settlement with Great Britain, the spiritual enthusiasm with which the President of the United States appeared before this body, and I recall to the Senate now some of the words of the message he then gave to us. He spoke thus enthusiastically in describing the settlement with Britain:

It means vastly more than the mere funding and the ultimate discharge of the largest international loan ever contracted.

This was our President's language then:

It is a recommitment of the English-speaking world to the validity of contract.

Glorious words are these. It was "a recommitment of the English-speaking world to the validity of contract."

Oh, when we think of what has transpired in the last few months, perhaps we better erase those words or just sadly pronounce them. Said the President:

But here is kept faith—willingly kept, let it be recorded—and a covenant of peace no less effective than it would be if joint British and American opposition to war were expressly agreed upon. It is a covenant of peace and a recuperation of respect and cooperation.



Beautiful language, soft and sweet, glorious it is that it could be thus delivered on an occasion of that sort. But think of our debt settlement now as painted by our international press, and our intelligentsia, and read these words again in the light of passing events.

It is a covenant of peace and a recuperation of respect and co-operation. It is a new element of financial and economic stabilization.

Oh, how often we hear now about stabilization. We must forgive these debts, forgive them, because if we do not, we upset European currencies and destroy stabilization abroad. Settlements we made as elements of "financial and economic stabilization, when the world is sadly needing a reminder of the ways of peace."

A very singular incident occurred in 1925, after we had made our settlement with Great Britain, and when we were endeavoring to effect settlements with other debtor nations. It is a remarkable thing that then it occurred, because it may point the way for a measure of relief in the days to come regarding those debtors who are recalcitrant or who default. I read a quotation from the book containing the reports of the War Debt Commission:

Early in 1925, after much consideration, it was decided that it was contrary to the best interests of the United States to permit foreign governments which refused to adjust or make a reasonable effort to adjust their debts to the United States to finance any portion of their requirements in this country. States, municipalities, and private enterprises within the country concerned were included in the prohibition. Bankers consulting the State Department were notified that the Government objected to such financing. While the United States was loath to exert pressure

by this means on any foreign government to settle its indebtedness, and while this country has every desire to see its surplus resources at work in the economic reconstruction and development of countries abroad, national interest demands that our resources be not permitted to flow into countries which do not honor their obligations to the United States and through the United States to its citizens.

Before this session of Congress shall have closed I shall ask that that very premise be enacted into law by the Congress of the United States and that we declare here by our policy that the "national interest demands that our resources be not permitted to flow into countries which do not honor their obligations to the United States and, through the United States, to its citizens."

Those who were here at that time will recall the flurry that was caused subsequently by that inhibition, prohibition, or interdiction, as one may wish to call it, placed upon foreign loans in this country of those who would not refund their debts, and it was effective. And thereafter the refunding arrangements were made with nearly all of the debtors who had received funds from us during the war and after the armistice.

I have before me a table of the debts which accumulated and the agreements made, a table prepared with meticulous care by the junior Senator from Nebraska [Mr. HOWELL], whose correctness and accuracy have been attested more than once. This table of our war debts I ask leave at this point to submit as a part of my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the table was ordered to be printed in the Record, as follows:

Data respecting European war debts due the United States at respective dates of settlements

1	2	3	4	5	6	7
Debtor nation	Dates of debt settlements	Prearmistice debts	Postarmistice debts	Total debts	Total payments agreed to be made over a period of 62 years	Present worth of payments to be made on basis of 4½ per cent annual interest
1 Austria.....	Jan. 1, 1928		\$34,631,000.00	\$34,631,000.00	\$24,614,833.00	\$10,238,000.00
2 Belgium.....	June 15, 1925	\$224,745,500.00	258,680,500.00	483,426,000.00	727,830,500.00	225,000,000.00
3 Czechoslovakia.....	do.		123,854,000.00	123,854,000.00	312,811,433.88	91,964,000.00
4 Estonia.....	Dec. 15, 1922		14,143,000.00	14,143,000.00	37,707,645.76	11,392,000.00
5 Finland.....	do.		9,190,000.00	9,190,000.00	21,695,055.00	7,413,000.00
6 France.....	June 15, 1925	2,577,451,088.95	1,653,325,913.05	4,230,777,000.00	6,847,674,104.07	1,996,507,000.00
7 Great Britain.....	Dec. 15, 1922	4,115,809,530.18	599,500,469.82	4,715,310,000.00	7,105,965,000.00	3,788,470,000.00
8 Greece.....	Jan. 1, 1928		19,660,000.00	19,660,000.00	20,330,000.00	6,425,000.00
9 Hungary.....	Dec. 15, 1923		1,984,000.00	1,984,000.00	4,754,431.42	1,596,000.00
10 Italy.....	June 15, 1925	1,348,768,025.36	\$61,381,974.64	2,150,150,000.00	2,407,677,500.00	528,192,000.00
11 Latvia.....	Dec. 15, 1922		5,893,000.00	5,893,000.00	15,790,523.13	4,755,000.00
12 Lithuania.....	June 15, 1924		6,216,000.00	6,216,000.00	15,059,541.57	4,967,000.00
13 Poland.....	Dec. 15, 1922		182,324,000.00	182,324,000.00	481,674,781.23	146,825,000.00
14 Rumania.....	June 15, 1925		46,945,000.00	46,945,000.00	122,506,230.05	35,172,000.00
15 Yugoslavia.....	do.	13,874,875.00	52,289,125.00	66,164,000.00	95,177,635.03	20,030,000.00
Summary.....		8,280,649,017.49	3,810,017,982.51	12,090,667,000.00	22,259,070,056.27	6,878,948,000.00

  

1	8	9	10	11	12	13
Debtor nation	Annuities for 62 years purchaseable with present worth on basis of 4½ per cent annual interest	Annual rates of interest which annuities would pay on respective debts	Average rate of interest paid by United States to carry these debts since dates of settlements	Cost to United States, in interest paid, to carry debts from dates of settlements to July 1, 1932	Total payments on debts to United States since dates of settlements to July 1, 1932	Excess in interest paid by United States above all payments received since dates of settlements to July 1, 1932
		Per cent				
1 Austria.....	\$110,948.00	1.36	On \$12,000,000,000 of United States bonds outstanding bearing the highest rates of interest, the interest rate since 1923 has approximately averaged 4½ per cent up to July 1, 1931, and is estimated to be 4 per cent for the year ending June 30, 1932.	\$5,645,545.00	\$862,668.00	\$4,782,877.00
2 Belgium.....	10,350,000.00	2.14		140,338,567.00	31,607,234.00	108,731,333.00
3 Czechoslovakia.....	4,230,344.00	3.41		35,955,106.00	18,000,000.00	17,955,106.00
4 Estonia.....	524,032.00	3.70		5,650,948.00	1,248,431.00	4,402,517.00
5 Finland.....	340,993.00	3.70		3,672,723.00	2,654,685.00	1,018,038.00
6 France.....	91,799,483.00	2.16		1,228,259,000.00	200,386,687.00	1,027,872,313.00
7 Great Britain.....	174,193,850.00	3.69		1,884,114,000.00	1,355,848,000.00	528,266,000.00
8 Greece.....	295,550.00	1.50		3,796,925.00	260,000.00	3,536,925.00
9 Hungary.....	72,416.00	3.70		793,206.00	468,465.00	324,741.00
10 Italy.....	24,296,832.00	1.13		624,435,000.00	39,820,716.00	584,614,284.00
11 Latvia.....	218,730.00	3.71		2,356,142.00	507,899.00	1,848,243.00
12 Lithuania.....	228,482.00	3.67		2,073,369.00	1,128,579.00	944,790.00
13 Poland.....	6,753,950.00	3.37		72,857,070.00	20,603,697.00	52,253,373.00
14 Rumania.....	1,617,712.00	3.42		13,628,133.00	2,704,451.00	10,923,682.00
15 Yugoslavia.....	921,380.00	1.39		19,206,828.00	1,232,112.00	17,974,716.00
Summary.....	315,954,707.00	2.62		4,042,782,562.00	1,677,333,024.00	2,365,449,538.00

<sup>1</sup> Does not include new loan of \$12,167,000 made in May, 1929.

<sup>2</sup> Total payments to be made over a period of 40 years instead of 62 years. However, the annuity is calculated for a 62-year period and thus included in the final result.

<sup>3</sup> The Hoover moratorium deferred debt payments for the fiscal year ending June 30, 1932, are to be paid in 10 annual installments with 4 per cent interest. Column 5 does not include this interest.

REMARKS.—Inasmuch as the payments made and to be made for 62 years by debtor nations will be insufficient to pay the interest charges incurred by the United States to carry these debts, it is evident there never will be anything to apply on the principal sums. Hence, these principal sums are canceled. To determine the consequent loss to July 1, 1932, due to these debt settlements, add together the totals of columns 5 and 13. The sum is \$14,466,117,000. From year to year this huge loss will increase even though the debtor nations pay their obligations in full.

Mr. JOHNSON. Mr. President, I do not, of course, desire to read the details of that table, but I do desire to demonstrate from it, as has been demonstrated upon this floor by the Senator from Nebraska, that these countries which are crying now, and all these Americans who are barking at our heels for cancellation or revision, all of them, little understand what these debt settlements have done, and just what they mean.

The demonstration, in the table which I have just asked to have inserted in the RECORD, is ample and unquestioned that these debt settlements canceled the principal of the obligations. So cancellation in a double sense becomes a misnomer in the discussion now before the American people. Cancellation, first, already has occurred by the refunding of the debts; but, beyond that, and more important, too, there is no such thing as cancellation of these foreign debts. The only question is, Who pays? This is the only question. Shall Europe pay her just obligations, or shall Americans pay Europe's just obligations to America? That is the only question that is involved in the controversy to-day, and that question there ought to be no difficulty in any American answering, and answering without delay.

I call attention to this table, and I refer to only three of our principal debtors, that you may understand just exactly what the table demonstrates. If you take the entire amount Britain is to pay under the settlement, and compute how much it means in percentage upon the debt obligation, you will find that Great Britain pays upon her debt to this country for 62 years 3.7 per cent annually. Keep that in mind: Britain pays under the debt settlement—and that was supposed to be the most onerous of the settlements 3.7 per cent annually for 62 years—and at the end of 62 years she will owe not a dime to the United States of America, and the principal will have been eliminated. Just bear that in mind in considering these settlements.

Next, if France pays during the 62 years 2.17 per cent interest annually upon the debt she owes the United States, at the end of 62 years, under the refunding agreement, France will be relieved of every penny of the principal of the indebtedness.

We have, therefore, the American people paying four and a fraction per cent upon their debts, with the principal always confronting them, which must be paid by the American people, and we have Britain paying 3.7 per cent upon the face of her obligation for 62 years, and never a dime thereafter, and France paying 2.17 per cent annually, and neither in reality paying any part of the principal indebtedness.

Italy pays 1.13 per cent on her debt each year of 62 years—1.13 per cent. Why does anyone suppose then that it is just the farmer out in Nebraska and Iowa and North Dakota and South Dakota shall pay 4 per cent and more upon the obligations of Uncle Sam? Italy pays upon her obligation 1.13 per cent for 62 years and then her principal is all paid, every penny of it. Yet, here are our people confronting the payment of the principal and confronting the payment of the interest at between 4 and 5 per cent as the rate, and they must pay both principal and interest.

These are the settlements that were made by the refunding agreement. Generous? Ah, yes; generous were they, generous to a fault was the United States of America in making these settlements. Who can complain if out of the enormous sum that the people of the United States thus pay, if out of that sum the miserably small percentages for 62 years shall be paid by our main debtors?

If the justice or the generosity of these settlements be questioned, look at the figures and look at the table. If it be asserted that our country has been parsimonious in any respect, recall what exists in this country to-day and just what must be paid by your own people in the days to come. Talk of distress abroad and that only to be thought of in connection with the debt settlement? What has become of the old thought that existed in this country when we believed we were one for all and all for one, and when our

affections were turned to our own? Talk of misery and unemployment abroad! There is more unemployment in the United States of America to-day, more in the aggregate, than there is to-day in Great Britain, France, Italy, and Germany—more unemployment to-day.

Unemployment after all is the barometer of the prosperity of the country from the standpoint of men like myself who think in terms of human beings. No longer is the Wall Street ticker the barometer of prosperity. No longer is it to determine the prosperity of America. That theory has long ago been discarded. Those gentlemen of Wall Street have been shown to be dealing only with financial rackets by which they take money from an unsuspecting public. No longer do we by such means foretell prosperity and what may happen financially. To-day the barometer of prosperity in this country is the number of unemployed. The number of our unemployed exceeds that of any four nations abroad. Talk of the deficits in those countries that owe us. Ours is the greatest in all the world. None equals it, none of any nation on the face of the earth, and yet this press, in its inferiority complex and in its toadyism, in its desire to earn a little favor from people abroad, keeps hammering into the American people the idea that "You must suffer, suffer in silence; you must suffer your destitution and your want and your hunger, but we demand that you devote your energies to the aid of people beyond the sea, and there let your charity be felt and there let the benefits of your legislation enable them to go forward." What a doctrine it is to preach in these times, with the knowledge on our part of what is happening all over this land.

Ah, take care! Beware! Ye gentlemen of finance and ye who govern this great country, take care, beware! I am no alarmist. I am a pure optimist and I have an abiding confidence in the good sense and in the wisdom of our American people; but take care, beware, ye gentlemen who represent high finance and ye who represent the idea of cancellation, remission, modification of debts to foreign countries, ye who favor a moratorium! Take care! Beware! We have ominous signs in this land to-day. I was greatly interested in hearing a distinguished Senator from the State of Washington stand upon this floor and in his first modest effort ask a moratorium upon interest payments and upon contractual obligations.

Take care! Beware! Ye representatives of great industry and those who speak for them—beware! In some parts of the Nation to-day are people talking moratoria for themselves. We did not know what the word was a few years ago. We thought it had something to do with a crypt or a funeral, but now every man and every woman in the land understands and understands fully.

I do not blame the farmer of the Middle West; I do not blame the worker who is without a job without his fault—I do not blame him, with his back bent by burdens he can scarcely hold up; I do not blame him when he cries aloud against a government that would give a moratorium to Europe and put Europe's debt upon his back. He is entitled to cry out, and he is crying out to-day all over this land.

Moratorium? Give some more moratoria, our international bankers demand; have some more delays in the payment of debts. What difference does it make? Just this overburdened people all around throughout our land are the ones who have to pay. Who are they to take up our time or to tell those in the halls of legislation or in the national administration what should be done? They have no ribbons to give, no decorations to bestow, no songs of victory to sing because of any wars that have been won. They are just ordinary, common, everyday Americans, and they must be made to pay the burden when you relieve your European debtors of any of the amount that is due from them unto us.

Mr. President, I called attention a moment ago to the dictum of our Government concerning these nations which would not adjust. There is no reason why we should not do exactly the same thing here. Indeed, it happens that last



year a distinguished Member of this body received a letter from a very well known American abroad. The American said he was sick and tired of hearing about the debts, and the fact that they would not be paid and the like. He thought there might be a mode of stopping that sort of thing by a law denying any country that defaulted or any country that would not adjust its indebtedness the right to float bonds in America. The letter was handed to me, and I introduced a bill which is pending here now. I am going to call it up by-and-by to see whether we can not at least express ourselves upon the proposition.

I know what a terrible thing it is to talk as I have been talking to-day, and as I shall continue to talk. I know that it is demagogic—just think of it! It is demagogic. It does not appeal to the press to which I have been referring that represents the foreign legion of America. Were I to talk the language that is used by Mr. Chamberlain in London or Mr. Herriot in Paris, I would be a great statesman, a marvelous man, who was speaking indeed words of wisdom for the world; and so, understanding exactly what is in store for me in this press, I proceed to talk just exactly as I please, as I have always done.

Not only did President Wilson's administration announce our national policy on the foreign debts. We have had that policy enunciated continuously since. In 1926 and 1927 several well-intentioned gentlemen addressed letters to the President of the United States, suggesting the cancellation of war debts or the remission of some things in respect to them. The letters that were sent in reply by Secretary Mellon, I think, deserve a high place in our literature—and this comes from me with full and generous praise, because sometimes I have indulged perhaps in criticism of the former Secretary of the Treasury. But he answered in 1926 those letters in a fashion that left no room for doubt, and that enables us to follow, as we followed from the beginning, the policy of the United States of America up to a recent year or two. In 1926, answering the first of these communications from a gentleman named Peabody, Mr. Mellon said:

Let us see what relation the burden of our debt settlements bears to our loans after the armistice. In this way we can determine accurately our real contribution in money to the joint cause of the war. In the case of England postarmistice advances with interest amounted to \$660,000,000, and the present value of the entire debt settlement is \$3,297,000,000. It must be remembered that England borrowed a large proportion of its debts to us for purely commercial as distinguished from war purposes—to meet its commercial obligations maturing in America, to furnish India with silver, to buy food to be resold to its civilian population, and to maintain exchange. Our loans to England were not so much to provide war supplies as to furnish sterling for home and foreign needs and to save England from borrowing from its own people.

France's after-the-war indebtedness with interest amounts to \$1,655,000,000. The settlement negotiated by Ambassador Berenger with the American Debt Funding Commission has a present value of \$1,681,000,000.

Belgium's postarmistice borrowings with interest were \$258,000,000, and the present value of the settlement is \$192,000,000.

With Italy the situation is similar. Its postarmistice indebtedness with interest is \$800,000,000, and the present value of its debt settlement is \$426,000,000. It is the same as regards Serbia. In view of these facts, in what respect do you still believe America has been unfair to its allies?

Then he added this significant sentence:

If these foreign debts are canceled, the United States is not released from its obligations to pay the very bonds which were sold to our citizens to make the advances to foreign governments. We must collect through taxation from our people if our debtors do not pay to us what they can.

That is exactly this situation. I dared to utter such a statement recently, and one would have thought from the bitter resentment and anger and denunciation of one of these internationalist papers that I had uttered something that was so far-fetched and so ignoble as to justify its frenzy of abuse. However, it was Mr. Mellon's idea; it was the idea, indeed, of President Wilson; it has been the idea that has extended throughout all the years that we have been dealing with these debts until the last year or two.

Again, the following year, certain gentlemen of Princeton University addressed another letter, and Mr. Mellon replied.

I read a part of Mr. Mellon's reply because it answers conclusively much that is now being said:

The record indicates beyond dispute that these were loans and not contributions, and, though not in form, in actual effect loans from individual American citizens rather than contributions from the Treasury of the United States.

That is Mr. Andrew W. Mellon writing in 1927. He wrote what was eternally true then concerning these debts. It is eternally true to-day, and to-day, just as then, the record shows that "these were loans and not contributions, and, though not in form, in actual effect loans from individual American citizens rather than contributions from the Treasury of the United States." If these in effect are "loans from individual American citizens," what right have we to burden them with additional sums in taxation and relieve the foreign debtors of those sums?

I spoke a while ago about the moratorium and the possibilities that might come in this country in the situation that has developed here. Why should there not be an outcry from Americans if these are loans of American citizens; and if we are going to put upon their back the payment of the very loans they made of their money which they took out of their pockets they are justified in their indignation. And that is exactly what is contemplated by the international press and the internationalists of this country. How can we blame the farmer, how can we blame the man without work, if he cries out against a policy of that sort?

"Oh," it may be said, "there stands the barrier of the Constitution; the sanctity of contract is protected by every law in every State in the United States." It may be said to me that with that barrier no man can demand a moratorium for himself upon his private debt, and legalistically, of course, that is true; but when the farmer sees us putting upon his back an additional debt that is not his, when he sees his Government yielding to the pressure from abroad and granting a moratorium upon debts that the Europeans justly owe some day in some way, this farmer of ours, this workman of ours, will find a mode by which he can jump the hurdles of the Constitution or, if necessary, by which he may break them down and obtain from his Government exactly the same privileges that his Government has given the nations across the sea. Beware, take care, ye international press and ye gentlemen who preach that Americans have no rights and that only Europeans shall be considered in a moratorium or in a debt controversy such as now confronts us.

Mr. Mellon proceeded:

The act providing for these loans authorized the United States Government to sell Liberty bonds to its own people and to invest the proceeds of the sale in the bonds of these foreign governments, the latter bonds to bear the same interest as the Liberty bonds sold and to have the same maturities. What we allowed our associates to do, in effect, was to borrow money in our investment market, but, since their credit was not as good as ours, to borrow on the credit of the United States rather than on their own. Looking at the substance rather than the form of the transaction, the situation was no different than if they had actually sold their own bonds in the American market and our Government had indorsed them. Had this course been followed would anyone contend that the sums advanced were intended as contributions to a joint enterprise rather than loans expected to be repaid?

"Joint enterprise!" We used to hear much of that; indeed, in 1922, before we had made our settlement with Great Britain, the master of all, Mr. J. P. Morgan, in an interview in the New York Times, said that this was a "joint enterprise" in reality and that our contribution of money would be just exactly like a contribution of men. There were not any of the fine-spun arguments that we hear now about balance of trade and about stabilizing exchanges and about the prosperity of the people who could buy more if we permitted them to have more money. There was not any of that then. Then it was a "joint enterprise," as Mr. Morgan said, a joint enterprise in which our money represented simply a contribution like the men who had gone abroad—"a joint enterprise." We have forgotten that now in the arguments that have been presented during the last couple of years. Our internationalists have shifted their ground

entirely, and they preach another doctrine absolutely different from that which they preached for a number of years.

I recognize—

Says Mr. Mellon in the letter to which I refer—

that there is merit in the contention that the associated governments might well have joined in pooling their resources in a common cause and that even now an argument can be made in favor of writing off debts incurred after our entry into the war to the extent that they were incurred for contributions to a common cause, but, and this is an all-important reservation, there is merit in such an argument only if the proposed adjustment is to be a mutual one and is to be applied to all on a strictly equal basis.

None of these internationalists has suggested that Britain should take its millions of square miles of territory she received under the Versailles treaty, that France should take the booty which she obtained, or that Italy should take the spoil she received and that they should put them in a common pot, and then, either by returning them to the vanquished countries in that war or in some other fashion, make an equal division. None of these internationalists make any suggestion such as that. All the pooling is to be done by America, and, particularly, not only is all the pooling to be done by America but all the paying is to be done by America.

Then Mr. Mellon proceeds to show that there is another aspect, too, that the gentlemen who are internationalists have forgotten—

Early in the war, in order to minimize the dislocation of exchanges and for sound economic reasons, the general principle was established that goods and services purchased by one ally in the country of another ally should be financed by the latter. That is to say, that if France purchased supplies and services in England, the British Government would furnish the pounds with which to buy them, and, vice versa, when Great Britain bought goods and services in France the French Government would undertake to furnish the francs. As to whether in the latter case the francs were furnished on credit or for cash I do not know, but in the former case the pounds were furnished on credit. When we came into the war we readily agreed to apply this sound principle to our transactions with our associates. That is to say, we agreed to furnish them the dollars with which all their purchases in the United States should be consummated, and, what is more, we agreed to lend them those dollars. This was the origin of these debts. But here is the fact that is not mentioned and which you gentlemen have apparently overlooked. We purchased supplies and services from France and the British Empire by hundreds of millions. They are to be paid for in francs and in pounds. We did not get those francs and pounds on credit; we paid cash for them except possibly in a few comparatively minor instances. In other words, we paid cash for the goods and services necessary to enable us to make our joint contribution to the common cause. Our associates got the goods and services purchased in this country necessary to enable them to make that part of their joint contribution on credit. Here is the fundamental reason which explains why we entered the war with everyone owing us and our owing no one. We are now urged to cancel these debts because it is alleged that they were incurred in the common cause, but neither abroad nor in this country has it been suggested that if that is to be done we are to be reimbursed the dollars actually expended by us in France and Great Britain so that the goods and services they sold us might constitute their contribution to the common cause.

And he was entirely right, of course. We paid cash. They forget that. Our money they took and our money they received during the war, but they forget that, and when they talk of "the common cause" and "contribution to the common cause" they mean that we contribute everything and they contribute nothing.

In this connection one other fact may be called to your attention. Among the purposes for which we made dollar advances was that of maintaining the franc and the pound at somewhere near their normal values. In other words, we loaned our associates the dollars with which to purchase bills on London and Paris and so permit them to peg the exchanges. When we were obliged to purchase francs and sterling for our own use in the Paris and London markets we did so at the artificial prices maintained by the use of the very funds we had loaned.

Here was a complete answer to the communications that had been received at that time urging cancellation.

Passing now the debt settlements, I have read these communications, I have gone back into the history of the debt very sketchily and inadequately that there might be something of a picture in the minds of Senators of all that had transpired during the years of the war and just subsequent

thereto. My design was first to present a background, and having presented that background of this controversy then to come to the events of 1931 and 1932, and in order that we may understand exactly what those events portend and apply them rationally to what may be said in regard to them, let me recapitulate, if I may, hastily some of the background I have been endeavoring to present.

First. That the Allies were substantially at the end of their financial resources and indeed were fighting with their backs to the wall, and with a depleted manpower, when the United States came into the war, and that it was absolutely essential that financial relief be immediately forthcoming.

Second. That loans were agreed to be made by the United States upon the terms and conditions under which the money might be obtained from the American people.

Third. That from the American people themselves the money was obtained by the sale of bonds and in sums greater than ever before had been obtained from any people, and these staggering sums were obtained upon the express declaration by the Government that they were to be repaid with interest, which would cover the rate fixed in the bonds together with incidental expenses.

Fourth. That the money obtained from the sale of the bonds to the American people was loaned at once to our associates in the war and our associates gratefully executed their promissory notes for the sums together with 5 per cent interest per annum.

Fifth. That not only were the loans made in far greater amounts during the war than the world had ever known, but, at the earnest prayer of the nations of Europe, sums aggregating more than \$3,000,000,000 were thereafter loaned to them for relief and rehabilitation upon the like terms and conditions as the pre-armistice loans.

Sixth. When the money was received by European nations from the United States there was complete and full acquiescence in the terms and conditions of the loans and neither objection nor protest voiced. A deep and an abiding sense of gratitude alone was expressed.

Seventh. Refunding operations of the vast debts were undertaken and consummated. The settlements thus made have compelled payment by the people of the United States in excess—and this is the accurate computation—in excess of the payments made by the debtors up to July 1, 1932, of more than \$2,000,000,000; and this sum will be ever increasing until full liquidation.

That, I should like to impress upon those who listen to me here—that we are paying to-day, in interest payments and upon these bonds, an excessive sum over the settlements up to July 1, 1932, amounting to more than \$2,000,000,000, and it will continue to go up until the end of the period.

Eighth. The settlements extend over a period of 62 years, and by mathematical computation the payment during that period annually by Great Britain of 3.7 per cent per annum, by France of 2.17 per cent per annum, and by Italy of 1.13 per cent per annum will relieve these three great nations of the payment of any principal at all.

Ninth. As declared in letters issued by the Secretary of the Treasury for the Government, the money was borrowed in reality from the American people, and the American people must in taxes pay every dollar which has been remitted in the settlements.

Tenth. A definite governmental policy through three administrations has prevailed and has been firmly followed. This policy was that the debts due from European nations to the United States were individual transactions between each debtor and the creditor, and unrelated to interallied debts and in no manner connected with reparations provided for by the treaty of Versailles.

We come now to the critical period of our discussion.

I have no desire, Mr. President, to indulge in animadversions upon either the outgoing administration or any foreign nations at all. My purpose is more to state the facts as they have occurred, and then, if I can, to portray the relationship of those facts to the welfare of the American people.



It is unnecessary for us to indulge in the harshness or in the diatribes of this press that represents international bankers and constitutes the great American foreign legion. It is unnecessary for us to do more than point the facts of what has occurred and what may occur.

We had, in 1931, a moratorium. The moratorium is now the excuse—I speak by the book and by the quotations from practically all of the responsible statesmen of Europe—the moratorium is now the excuse for the situation in which we find ourselves and is utilized by the very people to whom it was extended as a means for crawling out of the bargains that they made years ago, when they agreed to pay but little of the debt that they owed to the United States of America. Not only is it used as the excuse of those who would fail to pay their obligations to our country, but, more than that, it is used by our brethren here in this country, with their internationalist sympathies, in berating us and saying that we created a moral obligation by the moratorium that was passed in 1931. Not so.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Arkansas?

Mr. JOHNSON. I yield.

Mr. ROBINSON of Arkansas. That is due to the fact that the suggestion of a moratorium came from this side rather than from the other side.

Mr. JOHNSON. To be sure, yes; but I want to show, too, that it was the wisdom of Congress that wrote into the law finally that which would preclude the right to yield to any such argument at all.

Notwithstanding Mr. Neville Chamberlain on the one hand and Mr. Herriot upon the other; notwithstanding Mr. Ramsay MacDonald, who, within a week after the moratorium was declared in this country, in speaking to his constituents at Seaham, said in substance the moratorium is the end of the foreign debts—notwithstanding all these gentlemen indulged in remarks of this sort, they had no right to, and the most rudimentary knowledge of our Government should have restrained them. When Mr. Herriot says that he is entitled to speak in this fashion because of the actions of our President, and when the internationalist press says that there is a moral obligation upon us because of the moratorium and the activity of our President in 1931, I reply, no man should mistake just what was done by the Congress of the United States at that time. There was only one power under our Government that had the right to deal with a subject of that sort, and that power was the Congress of the United States—Congress, and Congress alone.

When the moratorium was presented to us in 1931, and when the Secretary of the Treasury went abroad showing 68 telegrams of acquiescence from this body, and several hundred telegrams of some other sort from some other body or some other people—when he was boasting of the telegraphic response that he had from the Congress; he had the right to boast of the ease of the administration's conquest. I resented it then, and I resent it still. Nevertheless, when the Congress came to pass upon the joint resolution, the Congress wrote into the joint resolution exactly the policy of the United States of America. No foreign nation could misread it; no President of the United States—I will not except anyone—could fail to understand it; and that provision written into the moratorium law was this:

It is hereby expressly declared to be against the policy of Congress that any of the indebtedness of foreign countries to the United States should be in any manner canceled or reduced; and nothing in this joint resolution shall be construed as indicating a contrary policy or as implying that favorable consideration will be given at any time to a change in the policy hereby declared.

Here were notice and warning, not alone to our own people, but notice and warning to all the world. There was the declared policy of our Government, declared by the only body that had the right or the power to declare a policy. I do not care whether these newspapers that represent foreign

interests state that there were conversations between Laval and the President of the United States or not. I do not care whether what he said was of one kind, or what he said was of another. Here, thank God, yet rests the power to deal with subjects of this sort; and here, in this Congress, Congress dealt with the subject, and made the solemn declaration of the policy of the United States of America. I resent the idea that is expressed by some individuals and that has been published by some of these internationalist papers that we, by an undisclosed conversation, perhaps, between the representative of France and our own President, are morally bound, or bound by implication, to do aught in respect to these debt settlements.

So, Mr. President, so far as the moratorium is concerned, it affords in reality no excuse. I concede it is the excuse that is taken all over Europe for the activities in which these people are now engaging.

Mr. GORE. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Oklahoma?

Mr. JOHNSON. I yield.

Mr. GORE. I should like to say at this point that I recently received a letter from a very brilliant American woman traveling in England. She said that intergovernmental debts were a thing that the American people talk about and the English people act about.

While I am on my feet I should like to say, referring to the recent remark of the Senator from Arkansas [Mr. ROBINSON] when he said the suggestion for the moratorium came from this side instead of the other side, that he meant this side of the Atlantic and not his side of the Chamber.

Mr. ROBINSON of Arkansas. Oh, to be sure. I think the Senator from California understood that.

Mr. GORE. I knew the Senator from California would understand that, but I was afraid the country might not.

Mr. REED. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Pennsylvania?

Mr. JOHNSON. I yield.

Mr. REED. While the matter of the suggestion of the moratorium is under consideration I do not believe anybody could claim that it came from the Democratic side of the Senate.

Mr. ROBINSON of Arkansas. Oh, certainly not.

Mr. REED. And I am sure the Senator will do us the same fairness by saying that it did not come from the Republican side of the Senate. As a matter of fact, Mr. President, it came in response to an appeal from President von Hindenburg, of Germany—not from either side of the Chamber.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. JOHNSON. Yes; I yield.

Mr. ROBINSON of Arkansas. So far as the record discloses, it was a voluntary suggestion on the part of the creditor Government, expressed through the President of the United States, that the moratorium be authorized in the interest of the debtors. In other words, the head of this Nation, presumably speaking for our people, proposed to the debtors themselves that the payments be not made as they matured; and it is well known that some of the debtors were entirely ready to pay. They had on deposit in this country the funds with which to meet their obligations. It was not unnatural that they should assume from that that the policy of the Government of the United States was to extend the time of payment, if not to modify the payments; but the provisions written into the law to which the Senator from California has referred should have clarified any doubt on that subject.

Mr. JOHNSON. Mr. President, the Senator from Arkansas is entirely right. The request for a moratorium did not come from the Congress of the United States. It did not emanate from the American people. God knows where it came from. I do not know and I do not pretend to know,

except that America neither asked it nor desired it. That is all. It came from somewhere in the mysterious fashion that many things have come to us of late.

There is one argument that is made that is always quite amusing to me. These gentlemen of the international banks—these gentlemen of the press, who prate, you know, about stability in Europe—tell us of the marvelous "prosperity" that will come to us if we only yield these debts and do as Europe says. They stand out there like a brilliant prestidigitator with the plug hat of finance, and out of that plug hat, with a legerdemain that is mystifying to the eye, they pick the rabbit of prosperity; and then, not to be outdone in the magic of their work, they come forward and they pull gold pieces from our ears and prosperity of all kinds from every part of our anatomy. These gentlemen, with their magic, thus talking of the "prosperity" that is to come if we yield our debts to Europe, forget in reality just exactly what it is that they ask, or what a comparatively insignificant amount are the annual payments to be made by Europe when spread over the whole Continent of Europe.

"Prosperity will come to us if we forgive the debts." That is the story now with which our people are being beguiled. That is the tale that is being told those who are hard pressed and heavy laden, that if we forgive these debts Europe at once will respond with readier markets and readier coin. That is, we put upon the overburdened American people more burden, and then Europe will buy more of our goods.

If it is a fact that releasing governmental debts in Europe will enable Europe to buy more of our goods, it is equally a fact that more burdens upon the people of America will make them less able to manufacture goods to sell.

Governmental debts have not the effect these particular individuals assert. What is referred to is trade between the people of the lands themselves. Debts are paid by taxation. Higher taxation here, it is asserted, will render us more prosperous, and higher taxation all over our land will enable us to sell more goods.

I have little confidence in an argument of that sort, and particularly have I little confidence in any suggestion of that character when I realize that, spread over the Continent of Europe, all the annual installments are of little consequence. When we take the percentages which will be required for these various countries in their budgets, it is found they amount to little. When we compare the military expenditure with the expenditure in behalf of these debts, it is found they amount to less, and when we take the percentage of their trade it is found to be exceedingly small. So from any standpoint of mathematics it is utterly impossible to say that any real prosperity will come to our people by paying Europe's debts and saddling our people with the payment of those debts.

There are other reasons which are given. One very interesting individual just before December 15 said, "What an outrage it is to insist upon this payment. See exactly what you will do to the English pound and how the exchanges will be affected."

For a moment I was taken with the idea that the payment by Britain of the sum Britain owed on December 15 would result in a reduction in the value of the English pound that would almost shake the whole British Empire and destroy its stability. So recently I looked up the pound quotations just before and just after the payment date and I found the pound quoted as follows:

December 8	3. 22½
December 9	3. 23½
December 10	3. 26½
December 12	3. 26¼
December 13	3. 27½
December 14	3. 28½
December 15 (date of payment)	3. 29¼
December 16	3. 30¾
December 17	3. 31½
December 19	3. 31¾
December 20	3. 33½
December 21	3. 34½

So maintaining its faith was of value to the pound, and increased the quotations in the markets of the world.

The story of France in reference to these debts is a sad tale. It is a tale, indeed, I regret to touch upon, and dislike to discuss, but, nevertheless, it illustrates exactly what is endeavored to be done to us in relation to these debts, and this story of France contains its lesson, its lesson which we in the day to come will have learned, I trust.

France was settled with, as I have indicated, upon a basis by which, when she pays 2 and a fraction per cent per annum in 62 years, she will have discharged her entire debt, principal and interest. Not only that but France was accorded by us other considerations, considerations which point conclusively to the fact that not only is she able to pay but, I am sorry to say, she will not pay, though recognizing her ability.

France not only received from us the generous treatment to which I have referred but France received from us payment for everything that we occupied in France during the war, and received good dollars, cash down, for everything we bought in France during that time.

France defaults. It is a sorry day in international integrity and in international obligations.

France defaults. She does not honor her signature. Indeed, she practically dishonors it.

International obligations, national good faith; how much have we heard of them in the past? How much did we hear of them during the war? Oh, the perfervid orations that were made when necessity scrapped a treaty in Belgium I do not need to recall to those who sit here to-day. Ah, when a scrap of paper was made of a treaty then, every one of us, every individual in this country, engaged in a patriotic duty, as he thought, was denunciatory of the country which so far forgot herself, even with dire necessity facing her, as not to honor her signature to a treaty with the countries adjoining.

To-day we have here not only a solemn obligation but a solemn treaty, ratified not alone by representatives of countries, but ratified by every agency of government that deals with that sort of question. To-day we have these solemn obligations, these treaties with these countries. I have naught to say about what should be done following a default or a dishonoring of the signature of any one country. That will take care of itself, and the price that will have to be paid by the nation which thus dishonors its signature is a price heavier than anyone here could put upon that nation.

We are in an epoch of treaty destruction. We are looking across an ocean now which I feel is to be at some time in the future the scene of the world's greatest activity, to supersede in importance the Atlantic Ocean, which now is the great connecting water link between hemispheres. I look across the ocean and I see a nation scrapping three solemn treaties. All of us resent it and all of us detest any nation doing that sort of thing.

We look back 17 years and we see a nation violating its pledged troth. To-day we look at that which has been pledged with us, signed by the governments of Europe, and we find that that signature which we thought of all signatures on the face of the earth was the one that could be most relied upon for ultimate consummation, is dishonored, and that France declines to honor the claim which justly is held by this country against her.

Mr. ROBINSON of Arkansas. Mr. President, as reflecting on the ability of the French Government to meet its obligations on the 15th of December, she has just made a loan to Austria of an amount almost equivalent to the payment due us.

Mr. JOHNSON. That is correct. Not only that, but let me state the first significant incident. We had in France at the end of hostilities some billions of dollars worth of material and structures. We sold that material to France for \$407,000,000, to deal in accurate figures. The Senator from Utah [Mr. Smoot] says it was of the value of \$2,000,000,000. Very well. We sold it to France at a great sacrifice, for \$407,000,000.

Then France undertook to sell a part of that material to other nations of Europe, and France did so. France covered



into her treasury the amounts for which she thus sold this material, and the amount she thus placed in her treasury was a very large fraction of the \$400,000,000 she had agreed to give us. But the \$400,000,000 claim for material which we had sold to France we included in our debt settlement, and to-day the \$400,000,000 is in that debt settlement refunded in exactly the same fashion as are funded the sums that were loaned prior to the armistice and subsequent to the armistice.

The interesting thing about it is this, that France has received in money over \$70,000,000 more than she has paid to us thus far in all her settlements for all her debts. So the strange picture is presented to-day of France out of the debt settlement having made over \$70,000,000, and the United States having been paid \$70,000,000 less than the sum France has received for the material we sold her on credit.

Interesting that is, Mr. President, because there are some of these internationalists who are chortling with glee at the difficulties in which we find ourselves to-day, and some who justify just exactly that sort of thing.

Nor is that all! France, the other day, contemporaneously, practically, with the default in her obligations to the United States of America, loaned Austria \$14,000,000. France, first, has made \$70,000,000 out of our sale to her of war material. Secondly, she has declined to pay the \$19,000,000 due on account of interest on the 15th day of December. Thirdly, she just thereafter loaned \$14,000,000 to a bad risk on the Continent of Europe. There is a situation which presents itself which beggars description.

Talk to me about capacity to pay! Is there anybody here who has the temerity to assert that it is necessary, in order to stabilize France and for France's prosperity, that we forego our debts? I know those here will have no such temerity as to assert that in reference to France. But what our internationalists say logically applies to France, just as it applies to any other nation. Not only did France thus make her loan and receive the various sums she did receive but it is interesting to see in the New York Times of January 1 the statement that France anticipated in this country, at the office of J. P. Morgan & Co., \$4,000,000 of her bonds.

What a rich thing this is! Whence came the moratorium? Who can tell? Whence comes the propaganda? Perhaps we can guess. Where is it trending? There is no doubt. Where would it have landed us if it had not been for the foresight of the Congress of the United States by this time we can all understand and we all can know. Four million dollars of bonds anticipated in December at the office of J. P. Morgan & Co.! No wonder Mr. Morgan in 1922 said that our debts ought to be canceled. No wonder Mr. Lamont in 1932 says they represented exploded shot and shell; and no wonder that they and all their affiliates are anxious that we should revise or modify or appoint a commission to debate the thing indefinitely and thus accomplish the purpose of our debtors.

Last week's additions—

Said the New York Times of January 1—

to the December list of bonds called for payment before their maturity dates were mainly small lots of foreign and municipal bonds. The final total for the month was \$21,309,000, compared with \$29,967,500 for November and \$22,164,500 for December, 1931.

Despite the decline in redemptions last month, as compared with the previous December, two of the six classifications under which the calls are tabulated showed increases. Retirements of bonds of issues having large sinking funds accounted for the major part of the redemptions last month.

Among the few large calls was that of \$4,000,000 French Republic external 7s, due in 1949, for payment as of December 1 at 105 at the office of J. P. Morgan & Co.

I have another United Press dispatch, but I shall not take the time to read it, but contemporaneously with Poland's activities or Poland's lack of activity concerning the obligation of December 15 last she transmitted to Dillon, Read & Co. in New York City a million dollars and more in payment of some particular private obligation. They can all do that when they pay to the few, but not to the many in the United States of America.

Lest I forget it, I want to make certain that it is understood that the Senate once passed upon the percentage that France received out of the settlement, and solemnly passed its resolution, Senate Resolution 102, wherein the very figures I read concerning France's settlement were adopted by the Senate and made a part of the official records of the settlement with France. I ask leave to place in the Record at this point Senate Resolution 102 of the character I have indicated.

The VICE PRESIDENT. Without objection, it is so ordered.

The resolution (S. Res. 102, 71st Cong., 1st sess.) is as follows:

Whereas an indebtedness of the French Republic to the United States in respect of the purchase of surplus war supplies in the amount of \$400,000,000 is due and payable on August 1, 1929; and

Whereas the payment of such indebtedness is provided for in the agreement (known as the Mellon-Berenger agreement) made on behalf of the United States by the World War Foreign Debt Commission and approved by the President, providing for the funding and payment of the entire indebtedness of the French Republic to the United States, which agreement, treating all payments by France as applied to interest, is equivalent (1) to the cancellation of such indebtedness and the accrued interest thereon as of June 15, 1925, totaling \$4,230,777,000; and in addition (2) to the cancellation of all interest accruing on said indebtedness from and after June 15, 1925, except the equivalent of an annual payment for 62 years of approximately 2.17 per cent on said \$4,230,777,000; and

Whereas such agreement specifically provides that it shall not become effective until ratified in France and until approved by the Congress; and

Whereas the ratification in France of such agreement, in accordance with the terms thereof, is now under consideration: Now, therefore, be it

Resolved, That in the passage of the joint resolution (H. J. Res. 80) authorizing the postponement of the date of maturity of the principal of the indebtedness of the French Republic to the United States in respect of the purchase of surplus war supplies, the Senate places upon it an interpretation in conformity with the terms of the preamble above set forth.

Mr. JOHNSON. The United Press dispatch concerning Poland to which I referred was of December 29, Warsaw:

Despite its failure to meet the December annuity, the Polish Government announced to-day that it is prepared to pay \$1,490,000, which includes interest and principal, on the installment due Dillon, Read & Co. in New York.

The most brutal thing, in my opinion, that is said by those who are in favor of cancellation of these obligations is, "Take what you can get or you will not get anything at all." Again and again we hear the statement made, "Take what you can get or you will not get anything at all." This country never yet has been a mere huckstering fishwife dealing in that fashion with its just obligations. "Take what you can get or you will not get anything at all." Suppose we do not get anything. Suppose every nation defaults. America holds her head high, her self-respect is untouched; she is still America, America believing in American ideals and American ideas; and if these nations are not going to pay their just obligations, we need not humble ourselves and accept whatever they may seek to dole out to us.

I never should permit, had I the power, that there would be any other desire on the part of the Government of the United States in respect to these settlements than to express ourselves generously, in amity, in friendship and courteously, but insisting that the settlements must be upheld. If there be circumstances arising which for the moment we can not foresee and any debtor desires to present anything to its creditor, it has the right to do so, and the courteous creditor would receive, of course, anything the debtor may desire to present. But in the United States of America now rests the determination and it is utterly unnecessary, not only unnecessary, but undignified, for the United States of America to appoint a commission to deal with a subject that is foreclosed and to engage in any of the bargaining and huckstering that Europe would have us do.

If reasons can be presented by any European country where they can show that there ought to be any alteration in any of the contracts that have been executed, let those reasons be presented. But I honor the President elect when he declines to consent to the appointment of a commission

to deal with the subject that we thought was foreclosed, although we do not forbid or seek to prevent any representation or any appeal that any foreign country may desire to make.

Mr. REED. Mr. President, will the Senator permit a question?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Pennsylvania?

Mr. JOHNSON. Certainly.

Mr. REED. Does the Senator understand that the President elect is not going to appoint a commission after the 4th of March?

Mr. JOHNSON. I do not know. I have not the slightest idea. As I read the correspondence that passed between him and the present President, he declined to unite in the appointment of a commission upon this subject.

Mr. REED. Then what the Senator means is that he honors the President elect for not being willing to appoint a commission before the 4th of March?

Mr. JOHNSON. No; I do not mean anything of the sort.

Mr. REED. Even if he does appoint one immediately after?

Mr. JOHNSON. No; I do not mean anything of the sort. The Senator from Pennsylvania knows exactly what I mean. I mean that I honor the President elect for not falling for the proposal of appointing a commission at the instance of the present President to deal with this situation. That is what I mean. I speak for no President, like the Senator from Pennsylvania. I am no great politician like he is. I speak for myself, and for myself alone. The Senator from Pennsylvania does not need to misunderstand me in the slightest degree. I welcome the 4th of March. I welcome a man in the White House who will look out upon this country with the eye of an American and will do his duty by America. That is my position, sir.

Mr. President, when the Senator from Pennsylvania interrupted me, I was talking about the brutal speech that is indulged in oftentimes now by those who insist on settlement and who say, "If you are going to get anything, you must take what will be given to you." That is no way for us to act. That is no way for a self-respecting man of dignity to act in his own concerns. There is no need for us to accept any dole from any country on the face of the earth or to do aught except what we believe we ought to do, and do that in the light of the situation of our Republic to-day. So I care not that some one may say that some country will not pay. That is a matter of some indifference to me. We can stand it and maintain our self-respect. Can any nation on earth retain its self-respect that dishonors its signature and dishonors its treaty?

Mr. ROBINSON of Arkansas. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Arkansas?

Mr. JOHNSON. Certainly.

Mr. ROBINSON of Arkansas. With respect to the governments that are able to pay and which have refused to meet their obligations maturing December 15 last for the purpose of attempting to force the creation of a new debt commission and negotiations for revision or cancellation, it seems to me that it would be almost impossible for the Government of the United States to respond to the demand until such governments have met their obligations or shown a justification for failing to meet them. In other words, with respect to the British Government, conditions may arise by which we would seem to be justified to enter into discussion. The British Government paid its debt. True, it attempted to attach a condition which was not accepted by the United States.

But as to the other governments, and particularly the French Government, which was in a strong financial position, but declined to meet its obligation, and thus gave credence to the statement that it originated the declaration that "If you do not take what is offered you will get nothing," I do not see how it is possible to comply with the request for the creation of a commission with respect to those

governments, or to enter into negotiations regarding the debts.

Mr. JOHNSON. Mr. President, I thank the Senator from Arkansas and of course I thoroughly agree with him. I repeat, a nation just as an individual must maintain its standards, its self-respect, and its dignity. We can afford the injustice of defaulting, nonpayment, but we can not afford to be bludgeoned or bullied or frightened into yielding the right and accepting whatever internationally may be doled out. Upon the defaulting nation let the onus rest. We can go our way without indeed interfering—

Mr. GORE rose.

Mr. JOHNSON. Does the Senator from Oklahoma wish to interrupt me?

Mr. GORE. Yes; if I may do so.

Mr. JOHNSON. I yield to the Senator from Oklahoma.

Mr. GORE. I wish to submit this question. Is not the situation a good deal like a robber coming into a bank and telling the cashier if he does not deliver all of his cash he is going to take it anyway? Would that justify the cashier in giving up the money instead of requiring the robber at least to carry it forth?

Mr. JOHNSON. The Senator from Oklahoma is a little more harsh in his example than probably I would be, but I have no doubt it is quite pertinent.

Mr. BARKLEY. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Kentucky?

Mr. JOHNSON. I yield.

Mr. BARKLEY. Has the Senator from California calculated the percentage of the annual French budget represented by the \$19,000,000 that was due on the 15th of December and not paid?

Mr. JOHNSON. I have the figures, though I do not have them before me at the moment. They may be found in certain publications, first in relationship to the percentage of the budget, next in relationship to its trade, and there is one other percentage which is computed as well.

Mr. TYDINGS. Armaments.

Mr. JOHNSON. Yes; armaments. I can furnish those figures to the Senator if he would like to have them.

Mr. BARKLEY. My inquiry was prompted by the feeling on my part that a \$19,000,000 semiannual payment is such a small sum compared to the ability of a great nation like France that it seems almost ridiculous that it would fail to meet it.

Mr. JOHNSON. It is ridiculous, of course. It is a perfectly absurd proposition that anyone should claim a lack of capacity to pay that sum or that anyone should claim that that particular amount would interfere with the finances of a great country or in any degree affect its trade.

Mr. REED. Mr. President, will the Senator permit a question?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Pennsylvania?

Mr. JOHNSON. I yield.

Mr. REED. Did not the Senator see the statement made by the Prime Minister of France that their capacity to pay was undoubted?

Mr. JOHNSON. Yes.

Mr. REED. My recollection is that at the time of the debate he admitted that it was obviously the case that they had plenty of capacity to pay.

Mr. COPELAND. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from New York?

Mr. JOHNSON. I yield.

Mr. COPELAND. I have in my hand a note which indicates that the scheduled debt payment is 2 per cent of that nation's budget, while France is spending, by the way, 27.4 per cent of her budget for armaments.

Mr. JOHNSON. Mr. President, I think the Senator from Pennsylvania is entirely correct; that it was admitted by some of those in authority that there was no doubt of their



capacity to pay. It was not a question of capacity; it was a question of willingness to honor a signature.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Idaho?

Mr. JOHNSON. I yield.

Mr. BORAH. I was going to say that on New Year's Day France issued an order for the building of a supercruiser of 26,000 tons, which will cost \$6,000,000 more than the amount of the debt installment which was due.

Mr. JOHNSON. I notice that England is building a new cruiser as well.

Mr. VANDENBERG. Mr. President, will the Senator permit me to make an observation?

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Michigan?

Mr. JOHNSON. Yes.

Mr. VANDENBERG. May I suggest to the Senator from California, furthermore, that one of the prime reasons which has always been advanced for our refusal to recognize Russia is stated by President Coolidge as follows:

Our Government does not propose to enter into relations with another régime which refuses to recognize the sanctity of international obligations.

It is a rather poor rule that does not work all ways.

Mr. JOHNSON. Oh, no; the Senator from Michigan is mistaken; it makes a whole lot of difference whose ox is gored. That is the answer.

Mr. ROBINSON of Arkansas. Mr. President, those were private rather than governmental debts to which the former President had reference, were they not?

Mr. JOHNSON. I do not think they were wholly so, as the Senator will realize if he will recall the Bakmeteff incident.

Mr. ROBINSON of Arkansas. That is entirely true, but the greater bulk of the debts repudiated by Russia were private debts.

Mr. SHIPSTEAD. Mr. President—

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Minnesota?

Mr. JOHNSON. I yield.

Mr. SHIPSTEAD. The Senator referred to the small portion of the income of these countries which would be required to make the debt payments. The three items to which I think the Senator referred, but as to which he said he did not have the exact percentages, were undoubtedly the national income; and less than one-half of 1 per cent of their national income would be required to make the debt installment and less than 3 per cent of their budget and less than one-seventh of what they expend for armaments.

Mr. JOHNSON. Mr. President, it is the silliest sort of tommyrot to say that these nations can not pay these installments. We all know that they can pay these installments. It may be hard for a period for Great Britain to meet them, but that they can be paid there is not any doubt in the mind of any man who has paid the slightest attention to this question. The only question is whether they want to pay, not whether they can pay; and that they do not want to pay is obvious from all that has transpired during the last few years.

Mr. President, while I deprecate the actions of these countries abroad, while I regret that they do not honor their obligations and have not kept their national faith, my feeling is deeper, it is much more intense, sir, against those who live in this land and profit from living here but who render these defaulting nations in every contest they have with ours all the aid and all the comfort they can. The people for whom I feel the deepest resentment are not those across the sea, because, maintaining our self-respect will ultimately make them regain theirs; the people for whom I have resentment are the men who call themselves Americans and in their inferiority complex and their flatulent toadyism are doing constantly what they think will win them a little flattery abroad. That is the class of people I cry out against.

The press that thinks as its masters, the international bankers and international financiers, desire, those who respond to the cry of the dollar and who wish to act for those across the water—they are the ones that have led us into this morass; and it is our Government with this moratorium that has caused much of our trouble. These Americans are the ones, sir, for whom I feel a deeper scorn than I do for the Europeans who have dishonored their signatures and broken their plighted word; and these Americans, day in and day out, in season and out, are now bludgeoning the Congress—they are now, indeed, endeavoring to cajole the American people—into doing that which they know will leave generations yet to come in distress and in want.

Many of them, I have no doubt, hold United States bonds. Let me tell these great newspapers and these internationalists one way in which it might be possible for us to remit a part of the foreign debt. Let me suggest to those who want to remit that debt, and who want to reduce it or cancel it, that they walk up to the Treasury counter with their own Liberty bonds and their Victory bonds and say, as patriotic Americans they ought to say, "We want Europe released, but under the providence of God we ask that America be released, too, and here are our bonds." I venture to say, sir, that if we were to enter into an agreement by which there would be some sort of a remission of the indebtedness of Europe under such terms, one could stand on Pennsylvania Avenue until he was petrified into a rival of an Egyptian mummy and there would not be an international banker or a member of the international press that would walk down there and yield up his bonds for America and American citizens.

Mr. President, I am glad I have opened this discussion. I trust that there will be a debate upon this question so that the people may know exactly what the Congress intends to do and how it feels. I would, sir, that my voice would carry across the sea. It will not do so, I grant that; I grant my stature is not so great, I am not so complaisant with J. P. Morgan & Co. and other international bankers as to think that my word will go across the Atlantic Ocean; but some upon this floor, all, indeed, who have the urge to do an American deed, all here should stand and speak in such stentorian tones that across the sea the message will go that no administration can settle these debts, no international banker will be permitted to revise or reduce them, no international press can befog the issue and drive the American people into reducing them. The only ones that can do that, say you all in this debate if you participate in it—the only ones who can do that are the Congress of the United States, and the Congress of the United States will not do it, for the Congress of the United States is still an American Congress.

Mr. SCHALL. Mr. President, in accord with the magnificent speech just delivered by my friend the Senator from California [Mr. JOHNSON], and as further corroboration therefor, I ask leave to insert in the RECORD a communication I have just received from one of the leading citizens of Mankato, Minn., Judge Hiram S. Goff.

There being no objection, the communication was ordered to be printed in the RECORD, as follows:

The author has been quite interested in the attitude of Europe with reference to the war debts owed by them to us as a nation. I am reminded of the time of the war in Europe when the United States occupied the unenviable position of trying to be a neutral and Europe and the high seas were the scene of war operations.

For a long time it seemed a question of which violated our neutrality most or oftenest, England or Germany. We had plenty of cause for war, and notes to all of the belligerent countries were exchanged incessantly. England and Germany were the most frequent recipients of our notes of protest.

Wilson "kept us out of war," and we reelected him President. Immediately following his reelection we were plunged into war with Germany and her allies. I will not discuss the reason for our entry upon that side, but suffice it to say that it was the side on which we entered, and having entered the war on that side we went in to win; and our influence, our initiative, our men, our munitions, our money, and so forth, did their part to win the war for the Allies and crush Germany.

The Allies were worn down with three years of fighting. Their morale was bending, their finances were strained under three



years of strenuous fighting. America came in with fresh men, untold resources undrained by war, and helped its new allies with the munitions of war, particularly finance.

We put on five intensive drives for cash. We subscribed of our means to all five of the drives and bought thrift-saving stamps besides. And we loaned that money to our allies as freely as they asked for it and as freely as our own citizens and financial institutions loaned to our Government. As near as I know we loaned our allies in the neighborhood of \$12,000,000,000. We did not give it to them.

At the close of the war reparations were levied against Germany in an amount neither Germany nor the Allies expected them to pay. These reparations did not run to the United States, but all of the other Allies took a generous amount, as it was the policy then to make Germany pay for the war. These reparations have been pared down from time to time on account of their being greater than Germany could pay.

Two years ago President Hoover granted a moratorium of all international debts. Europe liked that moratorium business. It got popular. Congress extended it a year. Now Europe wants more of it. In fact, she wants to cancel or scale down all of the debts owing the good old U. S. A., who came to her rescue when she was fighting for her very existence to keep Germany from cutting the English-French lines in two and cleaning the two armies piecemeal, taking Paris and the French Army, and then going over to England at her leisure and carry the battle on to the English isle. Europe has a thousand reasons why they should not pay—world equilibrium, peace of the world, etc.—we forgave our debtors, and while it is not a pleasant thing to say, we believe that either the debts will have to be scaled down to pretty near nothing or canceled.

At the same time it must be remembered that Europe is in as much of a turmoil as it ever was. It looks as ready for war as it ever was. More money is being spent by the countries that owe us, ten times over, than it would take to keep up the payments on its debts to us. A spark may set things going, the same as it did in 1914. If a new war should break out over across, how long could we remain neutral? Where would our financial interests be? Would there be eight or nine traitors in Congress who had courage enough to vote "no" on the question of our entering on one side or the other in another European war? (And by the way, were these men traitors or statesmen?)

With war imminent, with Europe asking us to cancel loans made in the last war, with Europe arming to the teeth, refusing to yield at armament conferences—what should the attitude of our country be? That is the important business before President Hoover and the short session of Congress. There are many angles to it, but in all probability European diplomacy will win in the long run.

It seems to the author that the time is nearly ripe to formulate a new policy with reference to our attitude toward foreign policies. It is the opinion of some of our best minds that trade treaties should be made with European nations by which they will increase their trade with us. Maybe that is the remedy—I don't know; but there is this to say: If we increase trade and the balance of trade is to be applied on those debts, Europe must sell us much more than it buys, otherwise there could be no trade credit on those foreign debts. Will this arrangement help our manufacturer, will it help our laborer, will it help our farmer? My reaction is to say "No."

In connection with this let me call attention to President-elect Roosevelt's policy laid down to help agriculture. It is simply a plan to limit production and by limiting regulate prices within our own country. Has it occurred to our people that if we raise the remuneration to agriculture we increase the cost of living to every other class; and if the plan works, a new problem has been created, i. e., how much can we or should we increase the cost of living? Has it occurred to any of us that when you give the farmer artificial increased income you must debit the rest of the country by that same increase to the farmer? In other words, you can't get something for nothing.

Did it ever occur to you that every nation that has attempted to regulate the law of supply and demand has lost by it? Brazil attempted it by bonding its country to regulate artificially the price of coffee. She regulated it for 20 years, but to-day her finances are exhausted and she is at the end of her rope and can not keep on, and her bonds are nearly worthless in the world's markets. England tried the dole, and it has been a financial failure. Good minds are advocating unemployment insurance as a cure-all. It all comes back to the same old proposition—you can't get something for nothing.

In connection with Roosevelt's suggestion on agriculture, in view of the armed camp of Europe, in view of Europe's attitude toward disarmament, in view of Europe's attitude toward its debts, in view of a new national policy I think should be adopted, may I suggest that my reader get hold of and read a good history of the Chinese Empire, which has endured more than 5,000 years of known history. Its rulers are the best-educated men of the nation, being selected on account mostly of their knowledge of literature and political economy. They are the highest-moraled men in the empire. Under its Government until recent times, when China has been literally forced to let in "foreign devils" and adopt at the end of wars of invasion a trade policy with foreign nations, she has lived at peace with the whole world and for the most part has had complete internal harmony.

Over two thousand years ago China built around herself her Great Wall, rated by historians as one of the seven wonders of the world. Has it occurred to you that for nearly 2,000 years China

lived behind that Great Wall at peace with the whole world and at peace with herself and that until civilized nations invaded China and forced trade treaties with her there was no dissension inside the empire and China lived at peace with all nations and her people were for the most part content and happy?

But you will say we don't want to emulate China. Without knowing what its Government is, you will say we don't want any Chinese system of government. Has it occurred to you that behind that Great Wall printing was invented and developed; that some of the world's greatest libraries have been built; that the Chinese invented and perfected gunpowder; that China had the finest system of inland waterways before other countries of Europe thought of inland waterways?

Has it occurred to you that the most highly educated people in China rule the country, and neither wealth nor birth nor religion can keep down a learned man from occupying high office?

Did you know that great historians make the statement (see Standard History of the World, vol. 2, p. 684): "The Chinese are industrious, prosperous, and contented, while the people in other parts of Asia are oppressed and tax ridden by petty despots."

After all, isn't that the ideal of a people to be industrious, contented, and comparatively tax free and happy? If we are contented, industrious, and comparatively tax free, isn't that better than being a world power, having the biggest army, biggest navy, or greatest commerce in the world?

I am not saying we should emulate China in all ways, but isn't there food for thought in the Chinese wall that housed a contented, industrious, happy, and tax-free people for nearly 2,000 years without trouble or disorder, until other nations made war on them to obtain trade treaties? Might we not better adopt Roosevelt's attitude toward agriculture as our foreign policy and hide behind a tariff wall built completely around our country and live unto ourselves? Then if European wars must come, let's stay behind the wall and live as a neutral; let's keep our money to use at home.

I have no fear of England cutting off her trade from us. She would be more likely to make war on us to get our trade, as she did on China a few years back. Now, let's hear from some of the free traders opposed to the great-wall idea. I am not saying it is the remedy, but I do say there is in it some food for thought.

Mr. REED. Mr. President—

The VICE PRESIDENT. Is there objection to the Senator from Pennsylvania addressing the Senate, there being no question before the Senate?

The Chair hears none, and the Senator from Pennsylvania is recognized.

Mr. REED. Mr. President, I rise not to disagree with most of what has been said by the Senator from California [Mr. JOHNSON], because with most of what he has said I agree, from the bottom of my heart. It seems to me that no more trivial and ridiculous argument has been offered than that which has been so often uttered in recent days—to the effect that to take a burden off European taxpayers and put it on American taxpayers is going to increase American prosperity. Obviously by so much as we increase the purchasing power of the European by exactly that same amount we diminish the purchasing power of the American; and it is only upon the theory that the European having the purchasing power would buy more American goods than would the American with the same purchasing power that we can conceive of any possible advantage to America; and we all know that no such situation exists.

As have most of us, I have been very impatient with the sort of propaganda that has been used to induce the American Congress to agree to a further reduction of these debts. It has been wholly unfair. It has ignored many of the facts which have been so well brought out by the Senator from California. I hope, with him, that some of the figures which he gave will be printed in European newspapers; but I share, with him, the apprehension that they will not be.

Mr. President, my purpose in rising was to call attention to the sharp contrast that I think we should make between those of our debtors who have kept faith with us and those who have not; and it seemed to me while the Senator from California was talking that he was not making that distinction with sufficient force.

I honor the British for the manner in which they have kept their engagement under great difficulties to themselves, and I hope that when they approach us and ask to discuss the situation with us we will meet them halfway, either before or after the 4th of March, and will hear what they have to say. Whether we will agree to do anything after we have heard them is something that no man can tell, and on that question we all reserve the utmost freedom of action. The idea, however, that France should be met in



the same way seems to me to be preposterous. I think we must draw a sharp line between Great Britain that has honored her promise and France that, admitting she is able to keep it, admitting she is able to perform her promise, as is obvious to all the world, has nevertheless repudiated it to that Nation to which, above all others on earth, she owes the utmost gratitude and fidelity.

Not only was France saved from annihilation, in large part, by the contribution of the American military forces, not only was France kept from bankruptcy by the generosity of our American loans, not only was her rehabilitation made possible by the loans we made to her after the armistice, not only did we support her in all her greedy demands for territory at the peace conference, but she has been the recipient of the utmost outpouring of charity from the citizens of America to villages, towns, and families in France that has ever been seen on the face of this earth passing from one nation to another. All that, however, is forgotten to-day. We are "Uncle Shylock" because, forsooth, we ask for the payment of a debt at less than half in present value what we advanced to them. We are "Uncle Shylock"; we are detested.

I was in Paris for a few days last summer, and while there I read in one of the French newspapers the statement that "Uncle Shylock," America, was the only nation in the world that had ever passed directly from barbarism into decadence without passing through civilization. Such are the pretty things they say about us. Of course, we do not like that; but if for one moment this Congress allowed itself to be swayed by that torrent of insult which we are receiving from them into weakening on the debt situation, we would be false to our oaths of office. I do not believe there will be a single dissenting voice in the Senate to-day to the statement that so long as they remain in default, so long as they continue to dishonor their promise, we must refuse to discuss the subject with them at all.

Mr. President, only one or two words more.

It is true that the European nations have argued, and their American propagandists have argued, that the granting of the moratorium in 1931 in some way impaired the integrity of the debts. It does not ring true when that argument is made, because back in 1919, during the Wilson administration, they were given a 3-year moratorium, and it did not occur to any of them at that time to argue that that moratorium—given them by Secretary GLASS, as I recall, under President Wilson—in any way impaired the integrity of the debts. How much less so it obviously is that the 1-year moratorium given them last year could in any way impair the integrity of the debts! It is a new argument, which probably will disappear as completely as have the other arguments of the cancellationists.

It does not lie in our mouths to reproach President Hoover with that moratorium, because practically every one of us agreed to it before it was granted. We could not do it in collective session, because Congress was not meeting; but practically all of us were consulted at the time, and gave our free consent to the moratorium before it was granted. We did it for the reason—which was sound then, and is sound now—that if we had not, the whole of central Europe would have gone into complete bankruptcy in a very few days.

The Central Bank of Austria had failed. Entire financial collapse was spreading over central Europe like wildfire. Germany would have gone within a week had it not been for this moratorium. The inspiration of it, the original idea of it, came not from President Hoover but in a wild appeal for assistance from President von Hindenburg of Germany, who said that Germany was right at the brink of disaster.

The moratorium prevented that. It did not bring back happy days. Doubtless we shall have them after the 4th of March; but it has not brought them yet. We must not claim too much for the moratorium; but it can at least be claimed that it prevented the total collapse of practically every financial institution in Germany.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Idaho?

Mr. REED. Certainly.

Mr. BORAH. Had it not been for the settlement of Lausanne, if reparations were at this time in full force and effect, what does the Senator think with reference to the probability of a collapse at this time?

Mr. REED. Oh, I think it would happen. I think the creditor nations of Germany bowed to the inevitable when they waived the reparations that were coming due at the scale under the Young plan. I do not think Germany could have paid them without collapse. At the time our debts were created, however, there were no such things as reparations, and there is no reason for connecting the two together. At the time we loaned this money to France it looked as though France was going to lose the war, much less get reparations. There was no possible connection between the conception of the interallied debts and the German reparations, because the latter did not exist. To try to connect them up now and to use their inevitable concessions at Lausanne—which they had to make—as an excuse for the cancellation of our debt, seems to me to be utterly preposterous.

One thing more, and I have finished.

My friend from California [Mr. JOHNSON] said that although nothing had been done openly, perhaps in the conversations between President Hoover and Mr. Laval, the French Prime Minister, encouragement had been given to France to think that we would agree to further reduction of the debts.

That is not a good way to make assertions, it seems to me. "Perhaps" might introduce any imaginary statement of fact; and I do not think it is fair argument where we have it on the word of President Hoover himself that nothing of the sort was said, and where it is a striking fact that in all of the torrent of criticism in Paris at the time these debts were discussed Mr. Laval himself never claimed that anything of that sort was said to him.

When Mr. Hoover says that nothing was said and when Mr. Laval does not claim that anything was said, I do not think we need pay very much attention to the random statements in newspapers or to the statements of French members of the Chamber of Deputies who were not present at the conversations, when they claim that something or other was held out to Laval in favor of a possible reduction of the debts. There is no competent evidence whatever that anything of that sort was ever said, and there is ample competent evidence that nothing of the sort was said. In justice to the present President I believe that that fact ought to be brought out.

Mr. SHIPSTEAD. Mr. President, I want to protest against the shedding of these crocodile tears in the United States by college professors, newspaper editors, and propagandists in behalf of Europe.

When I say that, I do not intend to cast any reflection upon the people of Europe. I want to call to the Senate's attention the fact that in spite of all that these propagandists have said there is not a country on the Continent of Europe that has a treasury deficit anywhere in comparison with ours. There is no country on the Continent of Europe that has, in proportion to its population, such a large percentage of unemployment. There is no country on the Continent of Europe where there are so many mortgage sales, so many people dispossessed of their property on account of domestic indebtedness. I want to call the Senate's attention to these advisers of the Senate and the advisers of the American people and its administration to what great concern they feel and express over the inability of European Governments to pay; how little concern they give and how little they spend on propaganda to bring before us the sorry spectacle of the American debtor's capacity to pay.

We have in this country to-day American debtors who are losing their homes, whose businesses are being sold by the auctioneer and the bankruptcy courts every day. These

propagandists talk about the sanctity of contracts—sanctity of contracts signed by American citizens, contracts which they can not liquidate and which they can not pay—but it seems that when foreign governments sign contracts, those contracts are not held sacred by these propagandists.

I want to call to your attention, also, the fact that we have in this country banking houses that are, and have been for a great many years, the financial agents of foreign governments. These banking houses have dominated the foreign and domestic policies of this Government and this people since the memory of even the oldest Members of the Senate. These people and these financial institutions are the same people who are back of the propaganda to maintain the sanctity of contracts in the form of debts payable in gold signed by American citizens for their homes in this country, even to the extent that they would drive them all into bankruptcy in order that the sanctity of contracts shall be preserved.

Mr. LONG. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Louisiana?

Mr. SHIPSTEAD. I do.

Mr. LONG. The Senator is not raising objections to their control over international affairs, is he, in view of their pretty well governing hand in domestic affairs? It seems to me it is merely making it uniform.

Mr. SHIPSTEAD. I object to their domination of both domestic and international affairs.

So far as the moratorium is concerned, it was not necessary for us to ask for it. Germany had the right to ask for it under the Young plan. Everyone knows that at the time the moratorium was declared reparations had gone by the board. Everyone who knew anything about the subject knew that Germany could not pay, and would not pay, and that if any government in Germany had tried to make the German people pay, it would have been thrown out by a revolution.

This debate to-day has recalled to my mind the great mass of propaganda, the concern expressed by people in almost every walk of life in the United States for the capacity of European Governments to pay, and in contrast with that, the almost entire absence of any concern for American debtors' capacity to pay.

As a matter of fact, when they begin to talk about prosperity being returned to the people of the United States through cancellation of foreign debts, the foreign debts are a mere bagatelle in comparison to the overwhelming debt of the American people that can not be paid. It would seem to me that it would come very well within the province of Congress to give some concern to domestic problems, to the problems of the domestic debtor, with his obligations payable in gold, and with the price of gold advancing beyond his reach to the extent that he can not pay; and so his property is being sold in every State in the Union and in every county in the Union, in every village and township, for taxes that he can not pay.

Mr. President, I do not care to take up the time of the Senate further. I ask unanimous consent to print, as a part of my remarks, an address made on the 20th day of July on the question of cancellation of intergovernmental debts.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I appreciate the honor the Washington Star has shown me by asking me to discuss this apparently complicated, but really very simple, subject of war debts.

The postwar debts, like every debt in this world, have been causing great concern to governments and citizens in every country. These post war debts are of two kinds. One class comes under the terms of the treaty of Versailles and is called reparations, to be paid as a war indemnity to the victor nations by Germany. Under the Dawes plan in 1924 these were fixed at \$28,000,000,000. It having become apparent that Germany could not pay further reparations, after having paid \$8,000,000,000, this amount was reduced to \$1,000,000,000 by the treaty of Lausanne, and then to be paid only when economic conditions in Germany make it possible for her to pay.

The other class of debts is the debts of the allied governments to the Government of the United States for money borrowed

during the war and after the signing of the armistice. At the time of the debt settlements this debt amounted to a little over \$12,000,000,000 and of this amount nearly \$4,000,000,000 was borrowed after the armistice. Under the terms of the debt settlement these governments agreed to pay to the Government of the United States certain sums of money each year and the sums so paid annually amount, as averaged for all governments, to 2% per cent on the \$12,000,000,000 due at the time of the debt settlement. This was agreed to be paid for 62 years and then is to be paid no more. This means that the United States assumed payment of this \$12,000,000,000 of principal by transferring this debt to American taxpayers and agreed to receive annual payments amounting to 2% per cent annually for 62 years.

That this settlement in effect amounts to cancellation of the principal of the debt is admitted. In a Senate resolution passed June 19, 1929, giving the Senate's interpretation of the debt settlement with France, and which interpretation covers in principle the other debt settlements, the resolution stated in part as follows:

"Their debts exceeding \$12,000,000,000—or, to be exact, \$12,090,667,000—were canceled, the debtor nations agreeing merely to help us out in paying interest on the money we had borrowed to loan them. Yes; and all they are to pay, taken together, is 2% per cent interest annually for 62 years on this \$12,000,000,000. Then they are through. We must pay the \$12,000,000,000 without help and also the difference between this 2% per cent interest and the interest we are paying on the money we borrowed to loan them."

Since the debts were funded, the Government of the United States has levied on our taxpayers the sum of \$4,420,000,000 in round numbers to pay to our bondholders the interest on the money that was loaned to the allies. These allies have paid in the same time the sum of \$1,677,000,000 to the United States, leaving a net cost to us of cost over receipts of \$2,365,000,000. This sum represents the amount of cost to us over receipts on this account since the settlement was made and this is approximately the amount of the Treasury deficit.

You taxpayers who have heard so much about the balancing of the Budget and the high taxes to balance it should bear in mind this debt settlement among other things. So instead of being Shylocks our taxpayers have been contributing this sum to foreign taxpayers to date in addition to assuming the payment of the principal of the original debt of \$12,000,000,000.

The "gentlemen's agreement" at Lausanne is a reservation on the reduction of cancellation of reparations in that England, France, Belgium, and Italy agree that unless they can collect the reparations from the United States in the form of cancellation of sums to be paid us under the terms of the debt settlements the agreement with Germany should not be binding and another conference is to be called.

Our former associates have taken the position that unless they can collect war indemnities from Germany their agreement to pay us certain sums in the next 62 years should be nullified. It was common talk in Europe a year ago that the Hoover moratorium meant that all payments on intergovernmental debts would cease.

The Government of the United States had at all times refused to officially agree to have payments of debts for money borrowed dependent upon the war indemnities. To enter into such an agreement would mean that if reparations can not be paid, the allied governments will not pay us what they have agreed, and Uncle Sam would then have to levy taxes to pay the difference. In effect this would mean that the American taxpayer would pay the war indemnity instead of Germany. In addition, it would mean that additional taxes will be levied on American taxpayers in order to release further credits to build armies and navies in Europe and further imperialistic policies on the Continent and in Asia.

President Wilson in 1920 stated in a letter to Lloyd George as follows: "The United States fails to perceive the logic in a suggestion in effect either that the United States shall pay part of Germany's reparations obligation or that it shall make a gratuity to the allied governments to induce them to fix such obligation at an amount within Germany's capacity to pay. This Government has endeavored heretofore in a most friendly spirit to make it clear that it can not consent to connect the reparation question with that of intergovernmental indebtedness."

In ratifying the Hoover moratorium Congress attached an amendment to the resolution of ratification, in which amendment it was expressed that it is the sense of the Congress of the United States that the sums owed to the United States under the debt settlement shall not be canceled.

After the secret "gentleman's agreement" leaked out Herriot, of France, stated that that agreement merely carried out the conversations of Laval and Hoover last fall. Mr. Chamberlain, of Great Britain, stated the parties to the agreement had had the benefit of consultation with representatives of the American Government. However, after the President and the Secretary of State in letters to Senator BORAH denied such agreements having been made by us, both Herriot and Chamberlain said they had been misquoted.

The fact remains that European governments believe that after this fall's election, agreements will be made with us to reduce or cancel the payments that still remain unpaid.

The American taxpayer has paid for so many mistakes of his statesmen that these statesmen seem almost justified in believing that he is willing to pay some more.

Let me make it clear: The cancellation of these sums will not get rid of the debts. It will only transfer, what has not already been transferred, to the taxpayers of the United States for payment.



The total cancellation of \$12,000,000,000 of the debt due at the time of the debt settlement means that taxpayers of the United States pay to the holders of the Liberty bonds a sum equal to about \$100 for every man, woman, and child in the United States. This is on account of principal alone. The additional payments on account of interest will depend on the length of life of the Liberty bonds. The further cancellation of the 2% per cent payable annually for 62 years will mean an additional annual burden of approximately \$250,000,000 on the taxpayer of the United States.

In 1924 when it became apparent that Germany was not able to pay reparations in the amount her former opponents thought she ought to pay, the Dawes plan was created. This plan called for funding of part of the reparations by the selling of German bonds to investors all over the world. A great many of them were sold here. This gave rise to a conflict of interests between the private investor who had bought German and other foreign bonds and the taxpayer who is responsible for payment of the Liberty bonds. Later more bonds were sold to fund reparations under the so-called Young plan.

American banks also loaned huge sums of money to Europe on long and short term credits. The long-term credits were usually sold to people in the form of bonds. The short-term credits were carried by the banks. As the amount of private loans of this character increased the conflict between the private investors, bankers who hold these private investments, and the American taxpayer also increased. It is apparent that debtor governments and our own private investors in foreign securities are combining their forces in a concerted drive against the American taxpayer for the purpose of placing their debts and doubtful investments on the taxpayers' back. That is stating it bluntly but appears to be the fact.

It has been apparent for some time that the day will soon come when the Government of the United States would have to make a decision as to whose interest should be protected first, that of the taxpayer or that of the private investor and banker. If Europe can not pay both, will the Government reduce or cancel the foreign debts owing to the taxpayer and so make it possible for the private investor and the banker to collect, or will the Government refuse to reduce or cancel in order to protect the taxpayer and leave the private investors and the banker to take a chance of collecting on his investments? The day for that decision seems now to be upon us. In fact, it was upon us a year ago at the time of the announcement of the Hoover moratorium. That decision by the American Government was against the taxpayer and in favor of the private investor and foreign governments. If the payments then postponed by us are not paid when agreed to, this year's moratorium alone will cost the American taxpayer \$250,000,000.

Certainly debts, whether private or public, whether national or international, are an extraordinary burden at this time due to the fact that they were borrowed in terms of cheap credit money and now payment must be made in money or commodities based on the high relative value of gold. But this injustice all debtors must suffer, whether public or private, national or international. The Governments of Great Britain and France and other European countries have gone a long way to eliminate this injustice to their own debtors by reducing the value of the pound and the franc. The Government of the United States, so far having refused to take cognizance of this injustice to our debtors, whether foreign or domestic, has greatly increased the burden of debts to and within the United States.

However, not until if and when our own Government removes this injustice to our own citizens who are debtors should foreign debtors expect any relief in this respect.

The world is drifting toward chaos because of lack of confidence. This drive to cancel international debts is helping to destroy whatever confidence there is left. When confidence goes credit goes. As credit is destroyed, trade is destroyed. We hear a good deal about capacity to pay. Let us think of the capacity of our own citizens to pay, burdened with increased deficits and further undermined confidence in the Government.

Another discouraging but significant thing is that while governments and peoples are complaining about taxes to pay debts it seems impossible for them to come to an understanding of the necessity for reduction of expenditures, particularly for armaments. The nations of Europe are spending seven times more on armaments than they are paying the United States on debts still due to us, and what they have paid to us they have paid out of moneys received from Germany and which Germany borrowed. If these nations would cut their military and naval expenditures by one-seventh they could pay the sums to us that they have agreed to pay. What they have agreed to pay the United States amounts to less than one-half of 1 per cent of the national incomes, less than 3 per cent of their annual budgets, and less than one-seventh of what they spend for armaments each year. As a result of this large expenditure for armies and navies, our own expenditures for armaments are many hundreds of millions of dollars more annually than we otherwise would spend.

The American Government has proposed at Geneva a reduction of one-third in armaments and this proposition has been refused. I have introduced a resolution in the Senate which provides that if the governments of Europe will agree to a gradual progressive reduction of armaments of 5 per cent each year for 10 years and if they will further agree to abolish conscription for all military purposes for a period of 30 years, total 40 per cent, the Government of the United States will relieve them of all payments due us. This proposition is based on the theory that if conscription

were abolished for 30 years it would ensure world peace for that period. We would save to our taxpayers in reduced expenditures for armaments during that period more than these governments owe us now. International confidence and security would be assured, because peace would be assured, and as a result international credit and trade would be revived. The world would have 30 years in which to revive domestic and international commerce under the blessings of peace, and the resulting income to taxpayers would be so increased that the added tax would not be a burden.

However, up to the present time such arrangement does not seem acceptable to European governments. Therefore cancellation or reduction is out of the question. They seem to be drifting back into the pre-war system of secret diplomacy and forming alliances for balance of power, apparently confident that after the American elections their debts to us will be canceled. In this hope and aim they are encouraged by an army of propagandists here as numerous as was marshaled at the time the drive was organized to get us into the war. Bankers had their stake in the war as they now have in cancellation.

Whatever justification there may be for the hope of cancellation after the elections are over remains to be seen.

To the United States this demand for cancellation of sums owed us comes at a time when we are already overburdened with paying up loans, when we have a bigger deficit in our Treasury than any other country, when we have a higher percentage of per capita unemployment than any other country. It comes at a time when we are trying desperately to recover from the 15-year dissipation of credit resulting from running our printing presses night and day printing evidence of debt in the form of stocks, bonds, and mortgages and disposing of them to investors from the Atlantic to the Pacific and from the Gulf to the Canadian border. The result of this working of the printing presses overtime has now made it necessary for the present administration and Congress to obligate the Federal Government to extend credit in the amount of over \$4,000,000,000 to bolster up the tottering credit of banks, transportation systems, and other private industries.

In the absence of a will to reduce expenditures on armaments I do not see how the United States Government can agree to place more European burdens on the back of the American taxpayer. Let us hope that as a result of the terrible price we are already paying that the American citizen will learn by this bitter experience to be more wary in the future about being led into other international adventures under the guise of peace and wars to end wars when in fact these usually prove to be merely what President Wilson, after his apparent disillusionment, in an address at St. Louis, so pathetically said that the last war was only another commercial war.

One wonders whether the bones of Woodrow Wilson would not turn over if they could but understand the brazen conduct of those whose back we protected from 1914 to 1917. Surely never before has the good nature and almost puerile faith of a people in its pretended friends been so abused as they have been in the case of the American people who in 1917 hurled themselves into a fatuous crusade for the benefits of governments which to-day are forming precisely such a coalition, such a ring of iron, as caused the war in 1914.

To those who are listening to me I ask how long will you suffer being used as mere pawns in the game of international finance and politics? Don't you think it is time for you to wake up?

#### REFINANCING OF FARM MORTGAGES

Mr. GEORGE. Mr. President, out of order, I ask unanimous consent to be permitted to introduce a bill and to offer a brief word of explanation.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The bill (S. 5329) to provide for the refinancing of farm-mortgage indebtedness by the Reconstruction Finance Corporation was read twice by its title.

Mr. GEORGE. Mr. President, the bill which I introduce has been to-day introduced in the House by the Hon. E. E. Cox, Congressman from the second Georgia district. It undertakes to provide for the refinancing of farm mortgages, briefly, upon the basis of an agreement between the mortgagor and the mortgagee to scale the mortgage to 50 per cent of the original indebtedness, and upon the further condition that upon a fair appraisal the land be found to be of the value of 50 per cent of the mortgage indebtedness. It also provides for the recovery of lands foreclosed and reduced to the possession of the mortgagee upon substantially the same conditions. It undertakes to use the Reconstruction Finance Corporation, to which we have given wide power—indeed, back of which we have put the credit of all the taxpayers and all the resources of the taxpayers. The Reconstruction Finance Corporation has now established regional agricultural-credit banks in all parts of the United States. These banks are provided with field men. They have to do with farm conditions and farm credits.



The Reconstruction Finance Corporation will be given, if the bill is enacted into law, increased borrowing power, but under the same conditions which they are now privileged to exercise for the benefit of banks, trust companies, mortgage companies themselves, railroads, and other financial, commercial, and industrial institutions.

Mr. President, the basis upon which it is proposed to re-finance the farm mortgage is the agreement between the debtor and creditor upon a value at which the mortgage will be refinanced. I have suggested 50 per cent in this bill. If, upon a hearing, it be found that the fair average value of the lands held under mortgage would justify a higher percentage of the original mortgage indebtedness, that is, of course, a matter for subsequent consideration.

The point I wish to make at this time, without arguing the merits of the matter, is this, that it is entirely obvious to anyone who has given any thought to this very important domestic question that the farmers of the United States can not repay the loans upon their farms under existing conditions, in view of the wide disparity between the value of the American dollar and of all basic commodities. I think it is time that we recognize that money has to make up its mind to take its loss, as the farmers have taken their losses, as the merchants have taken their losses, as the professional men have taken their losses, indeed, as all lines of business have been compelled to take losses in this great emergency.

There is no compulsion proposed. There is a frank recognition that, soon or late, there must be a scaling down of the fixed indebtedness against the American farm, and, I may add, the American home, or else we will go in the present slow process of liquidation through foreclosures and bankruptcies, thereby prolonging this depression.

I submit this bill, Mr. President, and ask that it be sent to the Committee on Banking and Currency, and I shall ask that committee to give consideration to the bill at the earliest possible time.

The VICE PRESIDENT. The bill will be referred to the Committee on Banking and Currency.

#### WITHHOLDING OF ARMY, NAVY, AND MARINE CORPS PAY

Mr. KING. Mr. President, yesterday Senate bill 4810, to authorize the Secretary of War or the Secretary of the Navy to withhold the pay of officers, warrant officers, and nurses of the Army, Navy, or Marine Corps to cover indebtedness to the United States under certain conditions was passed. I desire to enter a motion for the reconsideration of the vote by which that bill was passed.

The VICE PRESIDENT. The motion will be entered.

#### CALL OF THE ROLL

Mr. BORAH obtained the floor.

Mr. CONNALLY. Mr. President, I make the point of no quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Costigan	Hull	Robinson, Ark.
Austin	Couzens	Johnson	Robinson, Ind.
Bailey	Cutting	Kean	Schall
Bankhead	Dale	Kendrick	Schuyler
Barbour	Davis	King	Sheppard
Barkley	Dickinson	La Follette	Shipstead
Bingham	Dill	Logan	Shortridge
Black	Fess	Long	Smoot
Blaine	Fletcher	McGill	Steiwer
Borah	Frazier	McKellar	Swanson
Bratton	George	McNary	Thomas, Idaho
Bulkeley	Glass	Metcalf	Thomas, Okla.
Bulow	Glenn	Moses	Townsend
Byrnes	Goldsbrough	Neely	Trammell
Capper	Gore	Norbeck	Tydings
Caraway	Grammer	Norris	Vandenberg
Carey	Hale	Oddie	Wagner
Cohen	Harrison	Patterson	Watson
Connally	Hastings	Pittman	Wheeler
Coolidge	Hayden	Reed	White
Copeland	Howell	Reynolds	

The VICE PRESIDENT. Eighty-three Senators having answered to their names, there is a quorum present.

#### ECONOMIC CONDITIONS—POSTWAR PROBLEMS

Mr. BORAH. Mr. President, the able senior Senator from California [Mr. JOHNSON] has opened the debate on the question of the foreign debts, and, in view of the fact that we are to-morrow to take up a matter of legislation with the progress of which I do not desire to interfere, I am going to discuss the matter of the debts this afternoon. I had not expected to do so but I feel I should not retard important legislation.

There are some things which ought to be conceded with reference to the debts, and which may well be regarded as outside the limits of debate. In other words, there are questions associated with the debts about which there need not be, it seems to me, any real controversy, certainly so far as this body is concerned.

It ought to be conceded that these debts are justly owing, and that they are due and payable in accordance with the terms which are specified in the contracts of settlement.

It ought to be conceded also that we have been fairly liberal in the adjustment of the debts. All the equities in relation to the debts have been settled and eliminated. So far as the debts singly and alone are concerned, we have been fair in our treatment of the debtors.

I refer briefly to a matter to which the Senator from California referred. Mr. Wilson, then President, announced early in the consideration of these matters that we would not claim any territory, we would not claim anything in the way of reparations, that those were matters to which the United States would lay no claim whatever.

That was one of the wisest proposals which ever accompanied the adjustment of affairs at the conclusion of a great war. Let us imagine for a moment the situation in the world to-day if that policy had been adopted by the other nations.

I venture to believe that if they had adopted the policy announced by Mr. Wilson, a policy also announced by a Prime Minister of England at the close of the Napoleonic wars, we would at this time be 50 years in advance of where we are in the way of the adjustment of the economic difficulties growing out of the war. It was not merely a question of refusing to take any part of the spoils of war, but it was the announcement of a policy which, it is most unfortunate, the world did not accept in full. The division of territory following the war will torment the world for decades. It is one of the things to which we have a right to call attention in the consideration of the equities of the situation with reference to these debts, but it is of much greater significance than has been given it.

I am quite willing to admit that if these debts are not paid by the foreign governments, they will have to be paid by the taxpayers of the United States. We issued bonds and some one must pay them. Our taxes are already exceedingly high, and there is no reason why we should unload any part of the obligations of foreign taxpayers upon the taxpayers of the United States. In other words, Mr. President, so far as the debts in and of themselves are concerned, so far as the obligations which represent them are involved, and taking the debts naked and alone, there is no justification for the reduction or the cancellation of these debts. With that I entirely agree. But that is not all there is to this problem. I can not look upon the debts divorced wholly from the problems which must be solved before we break this depression. I can well agree that unless something more valuable can be secured to the taxpayers of the United States than the debts themselves, unless adjustments can be brought about which will inure to the benefits of taxpayers in excess of any benefits which they may receive from the payment of the debts, there is no good reason for longer discussion of the question of the adjustment of the debts.

The question is, Is there anything to be had through adjustment more valuable to the people of the United States than these debts? I think there is. If we could open the markets for the American farm, revive trade and commerce, reestablish our monetary systems upon a sound basis



and drastically reduce the armaments of the world—speaking now of armaments purely as an economic proposition—I think it would be infinitely more valuable to the people of the United States than the payment of the debts. So far as I am concerned, therefore, whenever a program is presented which gives reasonable assurance to me that there will be a readjustment or an adjustment of the postwar problems which in my judgment now stand in the way of normal operation of economic laws, I am perfectly willing to consider the debts as a part of the program. If these debts can be used in a program which will brake the depression, save the homes and businesses of our people, I shall not hesitate to support the program.

I begin my discussion to-day from the viewpoint of the farmer. I do so, Mr. President, for two reasons. In the first place I have given more consideration to this question from his viewpoint than I have from the viewpoint of any other sector of the community. Representing as I do a State which is deeply interested in the agricultural question, necessarily I have thought more of this matter of settlement as to how it would affect the farmer than I have as to how it would affect the manufacturer, the banker, or the man holding securities.

There is a second reason why I begin with the farmer, and that is that I do not believe there is any such thing as a restoration of real and permanent prosperity in the United States without a restoration of prosperity to the American farmer. We can not restore prosperity in the United States by beginning at the top. We can not restore prosperity by beginning with those who manipulate wealth. We must begin with those who produce wealth. We have noticed time and again during the depression that there would be a flurry in certain quarters, a suggestion of a return of prosperity. Stocks would take a rise, securities would seem to increase in value, and there would seem to be some assurance that we were again upon the road to prosperity. The news would go forth, great hopes were built up, and assurances that better times were near at hand.

But never at any time did that evidence of prosperity reach the producer, never at any time did the price of his commodities begin to rise, and never did it seem to affect favorably his situation. The result was that the flurry, for whatever it was worth, was soon at an end, and so it will be until we find a way by which to raise the price of commodities, by which to increase the value of that which comes from the soil and from the mine. Thus I am discussing it from that standpoint alone, although in my opinion the argument which I shall adduce, if it is relevant or effective at all, would apply to other sectors of the community.

Mr. President, in 1930 the foreign trade of the world fell \$11,500,000,000, something which had never happened in the same length of time to such an extent. In 1931 it fell \$13,500,000,000 and in 1932 it was 21 per cent below that of 1931. At the same trend and the same rate of decline in 1933 we would reach zero in the matter of world trade. Of course, we shall not reach that point because there are some exchanges and some trade that must necessarily go on; but it discloses the tendency which has been in vogue since 1930 and which undoubtedly, if conditions are not changed by reason of the adjustment of certain problems, will continue until it will be practically at an end. How can the world recover under such conditions and how can our own country recover? And what is the remedy?

From 1929 to and including 1932 over 14,000,000 tons of shipping was laid up. That is more tons of shipping than were destroyed during the entire World War. At the present time shipbuilding is at an end, practically nothing being done in that line so far as merchant ships are concerned. Since 1929 Great Britain, Germany, France, Italy, Austria, and Hungary have decreased their purchases in the United States by over 60 per cent. It is to these facts that I address myself in attempting to come to a conclusion as to what we shall do with reference to these postwar problems.

I do not know of any way by which to restore the world trade, to open commerce, and to give a reasonable increase to the price of commodities except through the method

which I am about to suggest. If there be another way it has not been suggested. If there be another method it has not been proposed. Unless we are able to revive trade and commerce and again to build up the market, I can not see any reasonable return of prosperity in the United States. At the bottom of this awful depression is the reduced purchasing power of the masses. How are you going to restore it? The payment of these debts will not restore it; the payment of these debts will not stop foreclosure on the farms. All these things began while reparations were still being paid, while debts were still being paid. If you are to restore the purchasing power you must look beyond the debts. You must look for the opening of markets, to the money problem to ending this exploiting the people for armaments.

Another question which we should mention in the beginning of this discussion is the money question. There are 32 nations now off the gold standard. There are only two nations of any moment that are on the gold standard, and they are France and the United States. Whatever may be the value of the gold standard in ordinary times and under normal conditions, we know as a practical fact that it has utterly failed when it was called upon to meet the stupendous burdens which were imposed upon it by reason of the World War. We are now at this time, Mr. President, day by day paying a high premium for remaining upon the gold standard, while the other nations of the world are dealing with a cheap or a debased currency.

There is no hope for the American farmer to get any part of the world's trade or to get back his market or to restore any part of his prosperity which was derived from world trade, so long as he has to compete with nations producing the same kind of commodities and operating upon a cheap currency basis. It is the same as a high tariff upon the part of those countries against the importation of the goods from America. Until the money question is adjusted, however it may be done—and I am not going to discuss that at this time—but until that problem is adjusted and we are placed upon the same basis as other nations with reference to exchange, it seems to me that we must be prepared to see the American producer suffer during the meantime.

It is literally true, Mr. President, that to-day all through the vast West the American farmer can not get sufficient credit or sufficient currency to pay for the harvesting of his crops. Strange as it may seem in the United States, in a large portion of the United States they are approaching a state of barter, and by reason of that fact the farmer suffers correspondingly in the loss of a price for his products. The demoralized money system is crucifying the farmer.

What is the condition of the American farmer to-day? The American farmer at this time owes about \$12,500,000,000. It is drawing a rate of interest of from 6 to 7 or 8 per cent. That is the amount of the indebtedness upon the face of the paper. But measured by the price of commodities at the time he contracted the debts and the price of commodities now, the debts would amount to nearer \$30,000,000,000 than \$12,500,000,000. It takes at least three times the amount of commodities at this time to purchase a dollar with which to pay his debts than it did at the time he contracted his debt. Nothing but bankruptcy is ahead unless there is a change of policies.

The farmer under this program can not pay out. There is no way, so far as any program now presented is concerned, by which the farmer can escape. It serves no purpose to lend him money. It serves no purpose to give him a debenture or an equalization fee or to attempt to take care of the surplus when everything which he produces is surplus. Without an increase in the price of commodities there is no possible chance for him to pay out.

The farmer in 1929 sold 54 per cent of his cotton abroad, 41 per cent of his tobacco, 33 per cent of his lard, 33 per cent of his condensed milk, 20 per cent of his wheat, 20 per cent of his rye. As has been said, that which he may secure in the foreign market fixes the price of what he may secure in the home market. In 1929 our exports all told were of

the value of \$5,500,000,000; it has fallen to about \$1,500,000,000. Cut the foreign demand out of the possibility of the farmer to dispose of his product and it is impossible for him to prosper upon his local market. I am one of those who believe that the farmer, in order to enjoy a reasonable return to prosperity, must enjoy to some extent the foreign market, and for that reason we are interested in the adjustment of these matters. How can the farmer get back his prosperity until he gets back his markets and how can he get back his markets until these barriers to trade are removed?

Mr. President, let us review for a few moments what seems to me to have brought on this condition in which we now find ourselves. Perhaps we can more readily find the remedy. I do not mean to say that there have not been local questions and local policies which have had their effect and have accentuated economic conditions in respective countries. I do not mean to say that conditions may not be alleviated or improved to some extent by reason of local policies or local legislation, but it is my firm belief that, without the adjustment of the postwar problems which stand in the way of world economic recovery, there can be no real return of prosperity to the American people. So long as the foreign market is demoralized, so long as foreign trade is practically dead, so long as the money markets are disarranged, and we are competing with the cheap currencies of the world, so long as the Orient is without a medium of exchange, so long as armaments drain the pockets of the people, I do not see how it is possible to increase the prices of commodities or to restore the purchasing power of the masses, which are essential to the restoration of prosperity.

At the close of the war the damages assessed against Germany, in the first instance, were about \$50,000,000,000. The London conference fixed the amount finally at \$32,000,000,000, nearly three times the amount of the monetary gold in the world. We had about \$11,000,000,000 due us from foreign nations. There were about \$168,000,000,000 of indebtedness growing out of the war, resting upon the backs of the human family, and they were set to work to pay \$168,000,000,000 in the way of a "dead horse." The energies and the brains and the productive power of the human family since the close of the war have been engaged in paying for the indebtedness growing out of the war. That, of itself, would destroy any normal economic system. The people have not been toiling and sweating for the future but for the past, not for constructive enterprises but for past destructive enterprises. They are still paying for the war.

There are only three ways of which I know by which a nation can pay its debts. One is in kind, in goods. But just as soon as it was known that Germany was going to have to pay \$32,000,000,000 every nation which would receive goods from Germany instinctively, as in self-defense, immediately increased its tariffs. It has been said that the United States led the way in increasing tariffs. It took its part and joined the procession, but the increase in tariffs against Germany began in Europe as early as 1922 and 1923. The entire world finally raised its barriers against all the debtor nations so that it was impossible for them to pay in kind. There was no way by which they could ship their goods into countries which they owed. The result was that, so far as payment in kind was concerned, it was practically wiped out.

The other way by which a debtor can pay his debts is by way of service, by way of shipping, and so forth; but that we need not discuss because the ships of Germany were at the bottom of the sea.

The third way is by payment in gold. If the debtor nations, all the nations owing this \$168,000,000,000, were to pay, they must pay in gold. There was in all the world \$11,000,000,000 of monetary gold. With this the nations were to pay their debts. It could not be done. They could not pay in kind because they were not permitted to do so. They could not pay in gold because the gold was not to be had. The crash had to come. It was as plain as the sun at noonday. And it did come, the hour and day that loans to Germany ceased.

As soon as the debts began to be paid and the gold began to move from the debtor nations to the creditor nations we found that France and the United States had 70 per cent of the \$11,000,000,000 of gold. France and the United States have a population of about 170,000,000, and 170,000,000 people had about 70 per cent of the monetary gold of the world. The other 1,600,000,000 people had about \$3,000,000,000 of gold, or 30 per cent of the gold, with which to meet their obligations and with which to transact business among themselves. We had the gold, but we had lost our markets. We had the gold, but people of the nations from whom we took the gold could not buy our products. If anyone cares to look into the situation, he will find that as the gold began to move from the debtor nations to creditor nations the price of commodities began to fall, and the movement of gold has kept in harmony with the price of commodities from that time until this. In other words, there was not sufficient primary gold, with which they must meet their obligations, to enable them to meet those obligations, and the collapse inevitably came.

Mr. LONG. Mr. President, may I interrupt the Senator from Idaho?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I yield.

Mr. LONG. If it is not convenient at this time, at some time I should like to ask the Senator to answer this question: Does he think that the medium of exchange has had more to do with the present condition than the concentration of all the wealth of the country in the hands of 5 per cent of the people?

Mr. BORAH. I am not discussing that question this afternoon, though I am quite willing to concede that that is a factor at some time worthy of discussion. I am now seeking to show that the nations of the world which had to meet these enormous obligations could not find the means with which to do so; and just as soon as the scramble for gold began liquidation began; individuals and nations made heroic efforts to get enough gold with which to do business; it finally drifted into the hands of two nations, and also drifted into the vaults of banks of the two nations. This resulted in a practical destruction of the purchasing power or at least in a reduction of the purchasing power of fully half the human family.

Mr. President, there is another question involved. For nearly 3,000 years nearly half the human family has used silver as a medium of exchange; from the time of Abraham until now silver in some form has been used as a medium of exchange and a measure of value. In 1925, at the very time when the prices of commodities were beginning to show the effect of the maldistribution of gold, England began a movement to encourage India to accept the gold standard.

She succeeded in doing so, and thus took from 800,000,000 people the only medium of exchange which they had, their only measure of value, and forced them to enter the world scramble for gold.

A few nights ago Mr. Montagu Norman, the head of the Bank of England, speaking at a banquet at Mansion House, in London, said:

Who, a year ago, could have foreseen the position into which we have drifted little by little? First we have been down, then we have been up, then down, then up.

The confused affairs of the world have brought about a series of events and a general tendency which appear to me at this time as being outside the control of any man, any government, and any country.

We must take, for the moment, a short view, and we must plan for a long stop. I am willing to do my best when it comes to the future. I hope we may all see the approach of light at the end of the tunnel. Some people already have been able to point out that light to us. I myself see it somewhat indistinctly. But I admit that, for the moment, the way is not clear.

Let me call Mr. Montagu Norman as a witness on the subject which I am now discussing. When the question of forcing India upon the gold bullion standard was up for consideration Mr. Montagu Norman said:



The immediate effect of the announcement that the Indian Government contemplated the sale of a large quantity of silver would be to throw out of gear the exchange with China and, for a time, to paralyze trade with that country. There would be a tremendous disturbance of internal prices in China, a shock to public confidence, and, I should fear, unwise and panicky attempts to get out of the difficulty by resort to what in present circumstances would, I think, be unsuitable to China, namely, a gold exchange standard. \* \* \* I think that one has also to bear in mind the interaction between gold and silver prices. There is a reaction upon gold prices when an extreme rise or fall takes place in the value of silver, which is none the less serious because it is indirect and not very apparent on the surface. The consequential changes in prices generally and in trade conditions which would be produced, the disturbance to the world's economic peace and confidence, the interference with the long-established social habits of the people of India in the use of silver, the shock to the reliance of a great country like China upon silver as a medium of currency and a common store of value, could not fail to have important effects upon the gold prices of countries in Europe and, indeed, in America.

It was the prognostication and prophecy of Mr. Montagu Norman that if they proceeded with their policy of forcing silver upon the market, forcing India and the Orient upon the gold standard, it would inevitably affect the price of commodities throughout Europe and throughout the United States, and, in my opinion, that has been the consequence of that act.

Sir Osborne A. Smith, governor of the Imperial Bank of India, speaking about the same time, said:

The economists throughout the world are agreed that maldistribution of gold and over production of goods are two of the fundamental causes of the depression. If we consider the fact that the great masses of the Orient are half starved and less than half clad, one can not say that there is overproduction in terms of requirements but rather that there is overproduction in terms of purchasing power. Our job, then, is to re-create purchasing power, and we have the instrument at hand in silver, of which these masses are possessed. The remonetization of silver will furnish us with a needed purchasing power and will cause to disappear, through consumption, the world overproduction of goods.

In other words, Mr. President, by reason of the policy pursued after the war with reference to tariffs, preventing the payment of debts in kind, and by reason of the fact that there was a maldistribution of gold to such an extent that these nations could not find the means with which to pay their debts or with which to purchase goods, fully one-half of the human family was reduced in its purchasing power; and then, in addition, followed the destruction of the purchasing power of nearly half the human family in the Orient. When the scarcity of gold was apparent, silver was demonetized—a cruel, ruthless conspiracy against the purchasing power of 800,000,000 people.

There is no way in which to restore prosperity and give back markets except that of raising the price of commodities or increasing the purchasing power of the nations of the world. One way by which it can be accomplished is to restore silver in the monetary world to the place which it occupied in the Orient prior to 1925. At the time that the Orient was deprived of the use of silver, was the Orient asking to be relieved of it? Had it complained that silver was not a satisfactory medium of exchange? Was any fault found upon the part of the nations of the Orient? Certainly not. Silver was demonetized in the Orient through the mistaken judgment if not the insatiable greed of a few people who felt that they could increase the purchasing power of the metal of which they were in possession.

Mr. FLETCHER. Mr. President, may I ask the Senator a question?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Florida?

Mr. BORAH. I yield.

Mr. FLETCHER. There is very general agreement, I think, with the Senator's position; but it is urged on the one hand that we must accomplish this increase of the use of silver as money, or the remonetization of silver, through some international agreement; that we must have a conference, and get nations together, and let them all agree about its use and its value and its exchange and that sort of thing. Does the Senator favor the United States proceed-

ing independently and without this sort of an international arrangement?

Mr. BORAH. I think every effort ought to be made through an international conference upon the monetary question to adjust the money question and in that conference to restore silver to its proper place. That is the safe, sound, effective way. If that can not be accomplished, if it is impossible to do that through international conference, then I would favor some action—although I am not prepared to say what it would be—I am in favor of some action upon the part of the United States to adjust its monetary conditions somewhat in harmony with the monetary conditions of the world.

In other words, in my opinion we can not remain upon the gold standard without either devaluating the dollar or else providing in some way for an increased monetary supply. I think the sound way, the safe way, is to bring it about through an international monetary conference in which all the nations would agree; but, if that can not be done, we shall have to do something upon our own part.

Mr. FLETCHER. Mr. President, I call the Senator's attention to the fact that when Mr. McKinley became President, one of the first things he did was to announce one of these conferences; and a conference was held, but nothing came of it. I think one conference was held in Brussels in 1902. That broke up without any agreement; and we have been pursuing this policy of international conferences all these years, and we have not gotten anywhere. It seems to me we have about reached the point where we ought to take action ourselves.

Mr. BORAH. If the Senator thinks it is a sound and safe proposition to take action upon our part, regardless of what the attitude of the world is, of course I agree that he is perfectly logical in his position; but I do not think the United States in the first instance ought to attempt by itself to establish the position of silver in the international monetary system of the world.

Mr. LONG. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Louisiana?

Mr. BORAH. I do.

Mr. LONG. If all the other countries, without international agreement, have established silver except America and France, and if America recognizes silver, there is only one country standing out.

I agree with the Senator from Florida that if we wait for an international agreement we are never going to have silver. It never will be recognized.

Mr. BORAH. The other countries of the world are not using silver. That is the trouble. If the Orient had been permitted to go forward in the use of silver as it had for thousands of years, I think, so far as the oriental situation is concerned, it would be in much better condition than it is now. But by reason of the action of Great Britain in forcing India upon the gold-bullion standard, they threw the surplus silver of the world upon the market as a commodity, and they are not using it now as a medium of exchange.

Mr. LONG. China to-day uses silver.

Mr. BORAH. China must meet her international obligations in gold, however.

Mr. LONG. I know; but if we recognized silver we would deal with China immediately. England certainly could not stand in the way, and she controls India. If we will look at the matter in the light of the fact that most of these countries are not on the gold standard and can not say they are on the gold standard, if America recognized silver to-day, there is no way in which they could stand out. France alone would be standing out, and she is to-day in default on her own debt.

Mr. BORAH. Very well. That may be one way to reach the matter. We are agreed in the proposition, are we not, that we ought to reach it?

Mr. REED. Mr. President, will the Senator yield for a question?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Pennsylvania?

Mr. BORAH. Yes.

Mr. REED. If I have correctly understood the Senator's position, he seems to feel that it was a great mistake on Great Britain's part to demonetize silver in India; and in that I agree with him fully. I think it was a very great mistake, from which the whole world is suffering to-day; but does the Senator think there is any likelihood of inducing her to change her position in an international conference?

Mr. BORAH. Well, Mr. President, I am inclined to accept the inference which the Senator would have me draw from his statement, that there is no likelihood of that.

Mr. REED. I am afraid there is not.

Mr. BORAH. But if such a course is rejected, Great Britain will have a poor case before the world for the readjustment of debts. This program must be full and complete.

What I am saying to-day is that if this question of the cancellation of debts can not be associated with the things upon the part of Europe which will restore the economic conditions of the world there is no longer any use of discussing the question of debts at all. The trouble is that the debt question has always been put up to us as a naked proposition of reduction or cancellation. I do not believe in it; but I said when the Senator was absent that if the international problems which seem to me to stand in the way of world recovery could be adjusted I would not hesitate, myself, to include the debts in that adjustment. What I want more than debts is to end the depression; to give back to the people of the world their economic freedom.

Mr. SHIPSTEAD and Mr. FESS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield first to the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, the Senator means to say that if we should cancel all the foreign debts, and continue to pursue the policy that we are pursuing now after having canceled the debts, we will come around to the same position we are in now?

Mr. BORAH. Exactly. I take the position that the cancellation of the debts would not result in a better economic condition in the world. It is too small an item. I take the position that the readjustment of the debts, or a moratorium upon the debts, would not serve to reopen markets, or to readjust trade, or to build up commerce. The things which are standing in the way of that are the larger and more dominant factors which I have just been mentioning.

The difficulty has been, and the difficulty now is, that those who present the question of cancellation are presenting the naked question of cancellation, leaving the United States to fulfill its part in the recovery of the world, as they say, but doing nothing upon the part of Europe with regard to the matters which are essential to the world's recovery.

As it will be recalled that in 1922 I offered in the Senate a resolution calling for an economic conference to do precisely what we are proposing to do now, because it was my belief then that unless reparations were adjusted, wiped out, until the monetary systems of the world were placed upon a sound basis, and until armaments were reduced, there could be no real world recovery. I have not changed my mind in the 10 years which have passed.

Mr. FESS. Mr. President, will the Senator yield now?

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Ohio?

Mr. BORAH. I yield.

Mr. FESS. I think it is pretty generally agreed that it would be almost impossible, if not entirely disastrous, for us to act upon the silver question alone. I think that is too obvious for discussion. On the other hand, it seems to me that there is a better opportunity for an international conference and a discussion and a possible agreement now than there has ever been. When we made that an issue a little more than 30 years ago, there was an effort to get an in-

ternational conference, as the Senator knows, and Britain at that time blocked it.

Mr. BORAH. When?

Mr. FESS. Immediately following 1897.

Mr. BORAH. Yes.

Mr. FESS. Britain blocked it. She was on the gold standard then and was very jealous of maintaining it. She is not in that position to-day. It seems to me that if an international conference could ever be called to consider the silver question, this would be an opportune time to do it. If it could not be done now, it is not likely that we shall be able to have it done at any time; and if the alternative is that we are to act alone and remonetize silver, I think it would be very serious.

Mr. BORAH. Mr. President, I am not advancing to-day the idea that Europe will agree to the readjustment of the silver question, or that she will agree to the readjustment of the armament question, or that she will agree to the readjustment of the monetary question. I do not know. England's attitude toward South Africa a few days ago rather leads me to believe that she is content to go along with her debased currency. What I am undertaking to say to-day is that for these people to insist upon the reduction of debts, the postponement of debts, or the cancellation of debts without being willing to join in a program of effectually settling these problems is not fair to the United States.

Mr. SHIPSTEAD. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Minnesota?

Mr. BORAH. I yield.

Mr. SHIPSTEAD. As a matter of fact, the only thing they have shown any signs of being willing to agree to is to cancel these Government debts.

Mr. BORAH. I would not say that, because I think the action of the Governments at Lausanne was a tremendous step in the right direction.

Mr. SHIPSTEAD. That was a step that they had to take.

Mr. BORAH. No; it was not a step that they had to take. It was a wise step, but many unwise things have been done about reparations. It was not a necessary step.

Mr. SHIPSTEAD. They could not collect the reparations. The Senator knows that.

Mr. BORAH. We might just as well say that because we have not collected the debt from France, we must cancel it. Of course, France was not in a position at that time to collect reparations from Germany; but, if I may be permitted to say so, I have never looked upon reparations as having to do solely with the question of getting so much money out of Germany. The imposition of reparation payments also had for its objective holding Germany down to the status of a third-rate power; and the reparations could always have been utilized to that end, even though no part were paid. So, I think the Lausanne settlement is entitled to all the encomiums which we can pass upon it. I think it was a step in the right direction. A brave, generous move toward a better world.

Mr. SHIPSTEAD. Even including the "gentlemen's agreement"?

Mr. BORAH. Yes. The gentlemen's agreement, in my judgment, was a perfectly natural thing from their viewpoint. I have no objection whatever to it. If all Europe can combine to settle their own troubles and have peace, I do not care how many gentlemen's agreements they enter into; they will not hurt the United States.

Mr. SHIPSTEAD. The gentlemen's agreement, as I remember it, specified that the settlement that had been made should not go into effect unless the other nations could collect from the United States what they lost from Germany.

Mr. BORAH. The Senator does not put it quite correctly, although the principle is the same. The gentlemen's agreement was to the effect that the reparations settlement should not be considered consummated until the nations making the agreement could know what they could do with reference to the debts.



Mr. SHIPSTEAD. Of course, that is diplomatic language.

Mr. BORAH. Was not that quite a natural thing for them to do?

Mr. SHIPSTEAD. That is diplomatic language; but I think I stated the facts.

Mr. BORAH. In other words, in the Lausanne settlement France gave up over \$90,000,000 a year for 66 years in excess of any amount that she would have paid the United States. It was a very pronounced step in the direction of the adjustment of the economic affairs of Europe, and I do not think too much credit can be given to Herriot and to MacDonald for consummating that agreement.

If I thought, in other words, that the cancellation of debts alone would settle the economic conditions of the world, and bring about the conditions which we all desire, I would be willing to cancel debts for reparations, but my view is that that will not adjust these questions in such a way as to bring about economic recovery, and that is my objective. To tell the truth, I care very little about these debts in comparison with the restoration of the markets of the American farmer, with the restoration of commerce and trade, and with the restoration of a sound monetary system in the world. We have lost since 1929 \$150,000,000 in the way of decreased values. We are losing more every day in the way of falling values than the debt amounts to per day. So, if the debts can be utilized for the purpose of bringing about these conditions which we desire, I am, for myself, perfectly willing to utilize them, but I am not willing to cancel debts, to reduce debts, or to postpone the payment of debts, and have Europe go ahead with a program which has practically sunk the world into its present economic condition.

Now let me say a word about another proposition, and answer a question in regard to armaments. I am viewing it, now, as a purely economic proposition. About 85 per cent of all the taxes collected from the peoples of Europe goes for war in some fashion. They do not go to the rebuilding of European industry, or to the rehabilitation of European people, building their homes and buying the food and the clothing which they desire and need. They go for wars, either past or anticipated, and for a purpose which in no sense can be considered as productive of economic sanity.

How pertinent the disarmament question is to this present situation. On the first day of this year, New Year's Day, 1933, a great nation gave an order for the building of a supercruiser of 26,000 tons which would cost \$24,000,000. Another great nation on the same day issued orders that it would soon take its blue prints off the table and would begin the building of a 27,500-ton cruiser which would cost about 26 or 27 million dollars. This question of armaments is one of the great contributing causes to our present economic condition.

Thus, Mr. President, for 14 years—rather, perhaps, I should say for 18 years—including the Great War itself, we have been drifting toward economic and financial chaos. We are now perilously near the brink. Thousands and tens of thousands and millions have during that period passed from affluence to poverty and destitution. Many, how many the world will never know, have been forced from their place of influence and respect in the community, frugal and self-reliant, to a position of shame, of hunger, and nakedness and disease, many even to suicide and a pauper's grave. The economic consequences of policies which followed the war in all their wretchedness, stark and hideous, have been in some respects more harrowing than was the Great War itself. One stands appalled at these devastating forces unleashed upon society through policies advanced in the name of peace, but policies in fact based upon violence and aggression. And during all this time, during all these years, while the people were fighting against hunger and disease, fighting for the penny which would keep soul and body together, governments have continued to build up armaments, to increase the burden, to send out the taxgatherers to extort from the people the last of their meager savings, all that armies might be enlarged, that the instrumentalities of de-

struction might be improved and augmented, that murder might be made more successful and universal. I do not, for myself, by my vote propose to contribute 1 cent of the taxpayers' money of the United States to any such saturnalia of confusion and crime. I do not propose to connive at this conspiracy against humanity by placing any part of the money of the people of the United States where it may be used in aid of the cause. To a program which will give men and women a chance to come back, a program of peace and tolerance, a program of construction and rebuilding, I will give all. But to such a program as now confronts us not one iota, not even the slightest indirect recognition. Times are running strongly against us. And nothing but the most positive, determined effort, the most outspoken and courageous purpose, will stay the evils which threaten civilization.

Mr. President, we must face the facts, the cruel remorseless facts. The situation confronting us is no less commanding and scarcely less pitiless than war. Pain and sacrifice are in the homes of America. Fear and anxiety break the sleep of millions of our countrymen night after night and month after month. These unseen forces are assailing the manhood and womanhood of this country with all the fury and with the devastating effect of an invading army. We should plan our campaign for relief, therefore, with the same confident reliance and the same courage and the same faith in our people that we would under the trying ordeals of war.

We are dealing with nations which also have their troubles, their vexing problems. It is natural that they should be moved primarily in their own interests. So should we. There is nothing in this situation which calls for the sacrificing of the interests of our own people to the interests of other peoples. But there is something in the situation which calls for the combined effort and the united purpose of all to end, if possible, this visitation which exempts none, but falls most heavily upon the poorer people. It has been repeatedly proposed and constantly urged that we reduce or cancel these debts without any sufficiently broad or thorough program, without any program which would give any assurance of relief or compensation for the sacrifices of our own people. That would not only be unjust but futile. It would not end this depression. But if a program is offered which would wipe out reparations, which would restore our disordered monetary systems, which would reduce armaments by 50 per cent, which would give back to the people of the Orient the measure of value and medium of exchange which they have enjoyed for a half million years; if, in other words, we are prepared to do the things necessary to bring about the world's recovery, for myself, I am willing the debts shall be used in any way to make the program a success.

It will be said that this program is too ambitious, so broad and comprehensive that we can not hope to succeed, that it can not be carried through. Mr. President, they were gigantic mistakes which got us into this awful situation. It will take gigantic efforts to get us out. Have we not had enough of temporizing, of piecemeal efforts, and has not such action brought us to deeper and deeper disaster? I have not mentioned a single item which should go into this program which is not the undoing of some action which contributed to our present conditions. I have not named an item which these leading nations in cooperation have not easily the power to achieve. This is a man-made depression, and we shall escape from it by undoing those things which made the depression inevitable and in no other way. If the nations are not prepared for the task, then the people must suffer until God in his own good time raises up men with the courage and the vision to give them back a world rid of the accursed policies which sprang from an accursed war.

Mr. WHEELER. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. WHEELER. I can not understand how the manufacturers of England at the present time could agree on an international economic conference to bring up prices to the world price level, because with the depreciated currency of

England at the present time she is getting her raw materials at very low prices, and is able to undersell us in the world market. In other words, it seems to me that that nation's selfish interest would lead her not to agree to bring up the commodity price level, and she will not do it until she can force us to cut down the debts. In other words, if we agree to cut down the debts, she might then agree to bring up commodity prices, but not until that time, because it is to her selfish interest not to do so.

Mr. BORAH. I do not know, of course, whether these nations are disposed to meet these issues as I have presented them or not, but I do know, and it seems to be perfectly plain, that they have no right to call upon the United States for the cancellation or reduction of these debts until, as it were, they put their own houses in order, or agree to put them in order.

Mr. WHEELER. I am entirely in agreement with the Senator, and I do not think we ought to cut the debts until we first get an agreement with reference to the economic question.

Mr. GRAMMER. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. GRAMMER. It is not clear in my mind what the Senator expects we would get when he proposes the cancellation of these debts. He refers to three ways in which an obligation may be paid. It has not occurred to my mind that we might take in good faith as discharging a debt either of those ways, except payment in gold, and that seems to be impossible. It is not clear, I state again, in my mind, what the American people are to receive in exchange for cancellation of the debts.

Mr. BORAH. Mr. President, if my view of the situation is correct, the American people are to receive a restoration of the markets as they existed prior to 1929; that is to say, not offhand, but the tendency would be to open up trade, to open commerce, to restore markets, and I do not see how that can be done by the cancellation of debts, but I do see how it can be done by the adjustment of the monetary question, by the complete and final settlement of the reparations question, by the reduction of armaments, and by the restoration of silver in the Orient. Those things will restore trade, will give the world confidence to enter into business which will restore commerce, and in that way the American people will be benefited. I am not proposing a horse trade. I am simply proposing that we remove and eliminate the things which at the present time stand in the way of the normal operation of the economic law. That is all. The benefit the people will receive is a better price for our farm products, a stable monetary system, a renewal of business activity, a restoration of our foreign trade. Indeed, what the people will receive is what they must have or continue to suffer. May I ask how is it proposed to restore prosperity on the farm without markets? Without that all schemes fail. My remedy may be wrong, but in the name of a suffering people then tell me what is the remedy.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. McKELLAR. How can commerce and trade be restored unless we remove the high trade barriers which we ourselves have erected, and the high trade barriers which other nations have erected in retaliation for our erecting trade barriers? How would the Senator propose that we obtain our commerce and trade again with those barriers existing as they are?

Mr. ROBINSON of Arkansas. Does the Senator mean the tariff barriers?

Mr. McKELLAR. The tariff barriers.

Mr. LONG. Mr. President, we have no tariff barriers now. On the contrary, the foreign countries are unloading everything they have on earth into America to-day. That is known to anybody who notices anything at all.

Mr. BORAH. I do not want to get into a tariff debate between the protectionists and the low-tariff advocates. But I agree with the proposition that in the consideration of the question of economic adjustment must enter the ques-

tion of the readjustment of the tariff. There is no doubt in my mind about that.

Mr. McKELLAR. Mr. President, I am glad to hear the Senator say so, because without a readjustment of the tariff barriers any suggestion along other lines seems to me to be comparatively useless.

Mr. BORAH. I want to say this: If we undertake to lower the tariff before we have adjusted these other questions, we are going to have unloaded into this country a vast amount of the cheapest goods that can possibly be made. It would be ruinous to take down the tariff walls except as a part of a program of general adjustment.

Mr. KEAN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from New Jersey?

Mr. BORAH. I yield.

Mr. KEAN. There are imported into this country large quantities of goods free of duty, such as rubber, tea, coffee, and various other goods, which would not interfere with the working and the industries of our people. Great Britain produces those goods in her colonies. Therefore there is no need of changing the tariff.

Mr. BORAH. Of course, I differ from the Senator from New Jersey in respect to his general statement that there is no need of readjusting the tariff. I think there is a need of readjusting the tariff, but I have always thought, in considering these matters, that the readjustment of the tariff would inevitably follow the adjustment of these other propositions, that the selfish interests of nations would inevitably lead to adjustment of the tariff after the other problems are adjusted. But I do not disagree with the view expressed a few minutes ago that the tariff must be considered in connection with this matter.

Mr. President, what I desire to urge in the way of my view is this, that I do not look upon these debts as a fetish or as anything sacred. I regard them as an economic factor in the present economic condition of the world. I am perfectly willing, so far as I am concerned, to utilize them in any program which seems to have reasonable assurance of success and which will restore economic conditions.

Unless they can be utilized in that way, then there is no argument, it seems to me, which foreign nations can advance which would justify their calling for reconsideration of the debt question. A moratorium will not help the situation. Debts are constantly accumulating and piling up, and the economic situation is affected by that fact just the same, and certainly there should be no cancellation until these other problems are adjusted.

In other words, if a program can be agreed upon there is no reason in my mind why the debts should not be included. Those debts are not worth very much to the American farmer. If we distributed the whole of the \$250,000,000 to the American farmer and those on the farm, it would amount to about \$7 apiece. An increase of a few cents in the price of his corn or his wheat or his cotton would pay the entire debt for a year and without any loss whatever upon his part. It is simply a question of how to utilize the debts and to utilize them in a way that would bring about some benefit to the American people.

Mr. McKELLAR. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. BORAH. I yield.

Mr. McKELLAR. The Senator talks about increasing the price of farm products or any other products of ours by a cancellation of the debts. Does the Senator have any belief whatsoever that if the United States canceled these debts to-day, it would affect the prices of our products in this country? Suppose the debts were all canceled immediately, that Congress by unanimous consent should cancel them all immediately, does the Senator believe that would affect prices of farm products in this country under present conditions?

Mr. BORAH. The Senator perhaps was not present when I said a short time ago that I do not think the mere cancella-



tion of the debts would have any perceptible effect upon the economic situation.

Mr. McKELLAR. The Senator having made that statement, I want to ask another question. Does the Senator believe that it is humanly possible, in view of the lack of success we have had in securing disarmament, in securing a reduction of armaments in foreign nations within the last 12 years, that the debts can be used by the people of Europe in such a way that they will reduce their armaments?

In view of what they are now spending on their armaments every year and that they have refused to reduce, and that they refuse even to consider a reduction of armaments, and that 85 per cent of all their taxes is spent for that purpose, does the Senator believe we are going to be able to secure an agreement with them to reduce their armaments?

Mr. BORAH. Probably not. If not, the debate on cancellation of debts is closed so far as I am concerned. I am not willing to contribute directly or indirectly any part of the American taxpayers' money to the armaments of Europe. I have sought to make that a plain proposition so far as I am concerned.

Mr. GORE and Mr. BANKHEAD addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Idaho yield; and if so, to whom?

Mr. BORAH. I yield first to the Senator from Oklahoma.

Mr. GORE. I would like to ask the Senator this question, because it is a question which gives me concern. We have cut these debts in half. The nations have signed up and agreed to pay the balance. They have defaulted those payments and dishonored their signature. Suppose we cancel the debts in consideration of their cutting in half their expenditures upon armaments and they signed solemn treaties to do that thing and the hour should come for them to make the reduction in their expenditures for armaments, what can we expect at their hands? Will they not again dishonor their signatures if they feel their interest lies in such a breach of faith?

Mr. BORAH. Of course, that strikes at the very foundation of all international agreements. While we would take some chances on disarmament, if reparations were wiped out, the monetary system restored, and silver placed back where it was prior to 1925, there would not be much likelihood of a change.

Mr. GORE. A nation, when it violates its faith, forfeits any right to confidence and trust.

Mr. BORAH. I do not desire to appear here to-day as a defender of the default upon the part of France. I think it was a mistake. But I do desire to say, and I have no hesitancy in saying it in public, that I have no doubt in the world that France understood, when she canceled reparations, that she would receive some readjustment of debts on the part of the United States.

Mr. McKELLAR. From whom did she receive that assurance?

Mr. BORAH. The communiqué which was issued by the President to Mr. Laval is in itself sufficiently indicative to me that it was for that purpose. Let me read it.

The communiqué to which I refer is as follows:

In so far as intergovernmental obligations are concerned, we recognize that prior to the expiration of the Hoover year of postponement, some agreement regarding them may be necessary covering the period of business depression, as to the terms and conditions of which the two Governments make all reservations. The initiative in this matter should be taken at an early date by the European powers principally concerned within the framework of the agreements existing prior to July 1, 1931.

Mr. McKELLAR. The Senator will remember a recent communiqué to the French Government in which it was declared specifically that no such agreement had been made, and the President last summer, in a letter to the Senator from Idaho, stated specifically that nothing like an agreement or any commitment of any kind in that direction had been made by the American Government.

Mr. BORAH. I do not mean to say that there was a definite agreement between Mr. Laval and the President that so-and-so would be done, but I do mean to say that there

was sufficient in the situation to justify the French nation, as a nation, in reaching the conclusion that if they gave up reparations they might in justice look to a reconsideration of the debt.

I invite the attention of Senators who now sit before me, and who were there on the night that we met the President before the session in 1931—and as this was published afterwards, I am not revealing any secret—to the fact that the President asked that we would approve of any conversation which he had and any agreement which he reached with Laval, who was then on his way here relative to readjustment of debts during this economic depression.

Mr. BANKHEAD. Mr. President, may I ask the Senator a question?

Mr. BORAH. I yield now to the Senator from Alabama.

Mr. BANKHEAD. Has the Senator any suggestion to make by which our farmers, without waiting for international action, can be aided in securing a restoration of the price of American agricultural commodities? In other words, has the Senator any suggestion to make as to how our farmers can obtain an increased price for American agricultural commodities without waiting for any international action?

Mr. BORAH. My view is that fundamentally we can not increase the price of commodities in the United States while the price of commodities throughout the world is falling. We may artificially build up something which will temporarily give some relief, but somebody has to pay for it, the taxpayers or somebody else, and in the end we do not get anywhere. The only way to build prosperity or to restore prosperity is to remove the obstacles which stand in the way of world trade and commerce. Give the people an opportunity to come back. Remove the obstacles and the people will come back. One of the unsolved mysteries of history is the capacity of a people to come back after they have been reduced to the lowest state of economic degradation, as shown after the great Napoleonic wars and after the Thirty Years' War. But we do not give them an opportunity to come back. We give them no monetary system. We put barriers in the way of trade. We do not give them an opportunity to do that which they would naturally do.

Mr. LONG. Mr. President, I have interrupted the Senator before, and I apologize for asking him to permit another interruption.

Mr. BORAH. I yield to the Senator from Louisiana.

Mr. LONG. The Senator mentioned France coming back after the Napoleonic war; but why? It was because under the laws of France the wealth could not be transmitted to heirs in a lump. It had to be diffused. The wealth of France is the most equally distributed wealth of the world. The only reason why France ever came back was because the wealth of France was kept diffused in the hands of all the people. To-day France does not allow her wealth to become concentrated in the hands of a few people, and for that reason she has been able to stand war after war and come back.

Mr. BORAH. I spoke about the Napoleonic war. The Senator is speaking about the War of 1870, is he not?

Mr. LONG. No; I am speaking about the Napoleonic war and the War of 1870.

Mr. BORAH. The distribution of wealth in the manner which the Senator mentioned was not in vogue immediately after the Napoleonic war.

Mr. LONG. Oh, yes; it was under the Napoleonic Code.

Mr. BORAH. It did not provide for the distribution of wealth.

Mr. LONG. Oh, yes; the Napoleonic Code did.

Mr. BORAH. I beg the Senator's pardon; he may be right, but it is not relevant to my line of discussion.

Mr. LONG. I think I can show the Senator he is wrong.

Mr. BORAH. I shall be glad to be corrected.

Mr. McKELLAR. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Tennessee?

Mr. BORAH. I yield.

Mr. McKELLAR. If the Senator will permit me I will read what the President wrote the Senator from Idaho last summer, as follows:

MY DEAR SENATOR: I have your inquiry this morning, through Secretary Stimson, as to the effect on the United States of recent agreements in Europe.

Mr. BORAH. I am not speaking of that agreement and have not to-day. That is another agreement.

Mr. McKELLAR. The Lausanne agreement.

Mr. BORAH. I have made no reference to that.

Mr. McKELLAR. I just want to show what the President's view about that matter was. He said:

Our people are, of course, gratified at the settlement of the strictly European problem of reparations or any of the other political or economic questions that have impeded European recovery. Such action, together with the real progress in disarmament, will contribute greatly to world stability.

Here is the point I want to emphasize. He went on to say:

I wish to make it absolutely clear, however, that the United States has not been consulted regarding any of the agreements reported by the press to have been concluded recently at Lausanne, and that, of course, it is not a party to nor in any way committed to any such agreements.

Mr. BORAH. What did the Senator from Idaho say?

Mr. McKELLAR. The Senator from Idaho did not say anything. [Laughter.] The Senator got the letter, but I read it into the RECORD. The Senator did not publish the letter after the President wrote it, but in some way it became public in the newspapers and I was on the floor of the Senate, and I do not believe the Senator from Idaho said anything about it at all.

Mr. BORAH. The Senator is mistaken. The Senator from Idaho offered that letter on the floor of the Senate.

Mr. ROBINSON of Arkansas. Yes, Mr. President, I recall myself that it was in response to a statement I had made that the Senator from Idaho submitted the letter.

Mr. McKELLAR. I may have the wrong place. I found it in this way in the RECORD, at page 15434:

Mr. McKELLAR. Mr. President, on yesterday President Hoover addressed a letter to the Senator from Idaho [Mr. BORAH], which letter reads as follows.

I thereupon read it.

Mr. BORAH. If the Senator will look in the RECORD of yesterday, he will find that is where he got the information. I had read it the day before.

So far as that is concerned, I am not contending that there was a specific agreement. I am contending that there was a condition which led France to believe and justly to believe that there would be readjustment of the debts in case she adjusted reparations, and that is the belief of the French people. There has been a great deal said here about the capacity of France to pay. France never claimed she was unable to pay. She is not putting it upon that basis at all. She is putting it upon the basis that she initiated a movement for the adjustment of economic conditions, and that the first step was Lausanne, the second step should be debts, and that is the reason why she takes the position which she now does. In other words, she wants a reconsideration of the debt question. She has taken the initiative spoken of in the communique, and she insists it is now up to the United States to do her part. I do not say it justified failure to pay, but there are two sides to the question when it comes to a discussion of debts which France now insists upon.

Mr. GLASS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Idaho yield to the Senator from Virginia?

Mr. BORAH. Certainly.

Mr. GLASS. Does the Senator contend or does any Senator contend that France has actually repudiated her indebtedness to the United States?

Mr. BORAH. No.

Mr. GLASS. Has she not simply deferred the payment of the interest until there can be that reconsideration which the Senator says France has reason to believe would be had?

Mr. BORAH. That is my understanding of her position.

Mr. GLASS. So far as England is concerned, England has met every obligation under which she rests to this country.

Mr. McKELLAR. That is not my understanding of France's position. I think when a nation makes an obligation to pay \$19,000,000 on a certain day and fails to meet that obligation, then that nation is exactly in the situation of a private debtor who makes a note payable on a certain day and fails to meet it. What France may have in her mind or what French statesmen may have in their minds I do not know, but she is in exactly the same situation in that respect as a private debtor and what he may have in his mind about paying his debt in the future. But it is a failure to pay.

Mr. BORAH. Let me submit this question to the Senator: Suppose there were a controversy between A and B with reference to an indebtedness, and also B owed the Senator. Would he say to B, "Go and adjust this matter between yourself and A and come back and see me and I will make it right"? What would be the position of B if he made a settlement greatly to his advantage?

Mr. McKELLAR. That is not the case in question. France has not done that at all. France had the right, if she had seen fit, within 60 days of the pay day, to ask for a postponement; she had a right to ask for a postponement of the capital payment that was due on December 15. She did not do that, but, instead of that, she made an agreement, so the newspapers stated, with the other debtor nations, that none of them were to pay. Some of them did pay and some of them did not pay. France is one of those that did not pay. I am very happy to know that Great Britain was one of those that did pay; I think that is fine; but France, notwithstanding she declined to pay on the 15th of December, within 30 days turns around and loans \$16,000,000 to another nation, which she never expects to get back.

Mr. BORAH. I think France will get it back. Besides she had prior to December 15 practically promised the loan. Let us be fair.

Mr. McKELLAR. I doubt it.

Mr. WATSON. Mr. President, may I ask the Senator from Idaho a question?

Mr. BORAH. Yes.

Mr. WATSON. I should like to know whether I heard the Senator aright a few moments ago when I understood him to say that when Laval was here there was a conference at the White House—

Mr. BORAH. No; Laval was on his way here; he was on the ocean at that time.

Mr. WATSON. But there was a conference at the White House?

Mr. BORAH. Yes.

Mr. WATSON. And the President of the United States asked the Senator and the others in the conference whether they were willing that the question of the debt settlements should be raised with Laval. Did the Senator say that?

Mr. BORAH. Yes; I did, in effect.

Mr. WATSON. Did the Senator have any talk with the President after Laval arrived here?

Mr. BORAH. No; not that I recall, but I had a talk with him that night of the conference in the presence of the Senator from Indiana and I objected to that proposition. I was the one who arose in the conference and said I would not consent that the President should enter into any conversation with Laval in regard to the debts which would bind me. The Senator was sitting there at the time.

Mr. WATSON. I was sitting there and heard that statement; but the President of the United States at that time did not advance that suggestion; that was taken up by another person in the conference, I will say to my friend, and not by the President of the United States.

Mr. BORAH. Oh, no; the Senator is sadly in error. What happened was this: The President called us in conference with a view of securing the cooperation of both Houses of Congress for a certain program at the coming session. That program consisted of five certain propositions. One of them



was with reference to the Reconstruction Finance Corporation, I believe.

Mr. WATSON. Yes.

Mr. BORAH. He went down the line; he got to the fourth proposition, which involved the question of discussing with Laval the subject of the debts and as to whether or not the President should discuss the question with a view of adjusting the debts in the light of present economic conditions. I said, "Mr. President, I am sorry to say that I can not go along with you on that proposition. I am not willing that any discussion should take place between you and Mr. Laval that shall be binding upon the Congress of the United States." That all took place there, and the Senator must remember it.

Mr. WATSON. We met there on the 31st day of August, as I recall, for the purpose of ascertaining whether or not both Houses could not agree on a certain program; but the question of debt cancellation did not enter into that, because the coming visit of Laval had not anything in the world to do with what we were called there for. We were called there to consult about our own internal program and as to the things upon which we might agree at the approaching session of Congress.

While Laval was here, I will say to my friend from Idaho, I became a little uneasy, because I did not know what conversation might be indulged in about the cancellation of the debts, and I took the liberty of calling upon the President, and I asked, "Is there any talk about the cancellation of the foreign debts between Laval and you?" He said there is not. He said, "Senator, it is just taken for granted that they will pay their debts and we are not discussing that question." That was the very answer the President gave me.

Mr. BORAH. Let me refer to another matter, which may refresh the Senator's memory, inasmuch as we have gone into this subject in detail. It will be remembered that when the President said the question of debts would undoubtedly come up for consideration when Mr. Laval arrived here, and he wanted to know how the Congress would feel about any conversation or agreement which he might have with Laval touching a readjustment of debts or a postponement of the debts during the economic depression, I said, "Mr. President, I am sorry that I can not go along with you on that part of the program." We discussed it for a few minutes, and the President said, "Perhaps, in order to satisfy the Senator from Idaho, if we would put in the proposition that all discussion of debts should be based upon their relationship to disarmament, that would be agreeable," but I said, "No; I do not want any discussion upon the part of the President that will bind the Congress." I added, "So far as you are concerned, Mr. President, you may talk with Mr. Laval at your pleasure and say anything you wish to say, but I do not want to sit here in silence and be bound by any agreement which you may make with him."

Mr. WATSON. The Senator said that?

Mr. BORAH. Yes.

Mr. WATSON. And then got up and left and went out into an anteroom. I followed him out, as the Senator will remember, and said, "I agree entirely in the views you have expressed here." The Senator will remember that?

Mr. BORAH. Yes; I remember that.

Mr. WATSON. And after the President had asked this question, I do not think he did mention the subject of debt reduction to Laval, because that night it was absolutely foreclosed, if he had ever had any thought of doing so, for there was not a single individual who participated in that conference—and I see the Senator from Mississippi [Mr. HARRISON] rises and I see also the Senator from Arkansas [Mr. ROBINSON], both of whom were there—who advocated the cancellation of these debts or their reduction. Am I right, I will ask the Senator from Arkansas?

Mr. ROBINSON of Arkansas. Mr. President, I think it is unfortunate that there should be involved in this discussion in the Senate the question as to what occurred in conversations at the White House a year or two ago, when, as is apparent, the memories of Senators differ about what transpired, and I would not like to testify either for the plaintiff or the defendant. [Laughter.]

I do recall that mention was made of the coming of Laval, and I further recall that there was no expression in the conference of any sort favorable to a reopening of the debt settlement.

Mr. WATSON. That is right.

Mr. ROBINSON of Arkansas. I also recall that the Senator from Idaho expressed himself more affirmatively on the subject than perhaps anyone else there; but still, in spite of all that may have happened there, there is no justification for a great nation failing to meet its obligation when that obligation matures; and, in my judgment, France is just as much in default as any debtor can be who fails to pay when his obligation matures.

I repeat what I said in the beginning of this discussion this afternoon, that I shall not be willing to vote to ratify an arrangement made through negotiations with a debtor nation that is manifestly able to pay but has refused to pay for the purpose of attempting to force a favorable settlement. I think that the Senate ought to put itself on record. I do not believe that we can justify inviting and encouraging the course that has been taken by the French Government. I do not find in the record of any negotiations with which I am familiar any basis for her refusal to meet her obligations, and I do not wish to be compromised by the statements that have been made here this afternoon that she was really justified because of something the President of the United States may have said or something some one else, acting for the President, may have said to her representative.

Mr. WATSON. The only reason I sought to interrogate the honorable Senator from Idaho was the statement that perhaps something might have been said by the President that Laval might have carried back to France that would now justify France in defaulting. I have no recollection of that happening; but, as my friend from Arkansas says, even if it did happen, it is not, in my judgment, sufficient justification for defaulting the debt at this time.

Mr. SHIPSTEAD. Mr. President—

Mr. BORAH. Just a moment, if I still have the floor.

The PRESIDENT pro tempore. The Senator from Idaho continues to hold the floor.

Mr. BORAH. I have not sought, Mr. President, to justify the action of France on that basis. As I said in the beginning, I am not appearing in the defense of France in that default, but I did say, and I repeat, that sufficient took place when Laval was over here to lead to the belief upon the part of the French people that the adjustment of reparations would warrant a reconsideration of the question of the debt; and I venture to say that anyone who is familiar at all with the French situation at the time the reparations question was settled would agree that there never would have been any adjustment of the reparations question if it had not been for that one proposition entering into it.

Who was to blame for the misunderstanding I do not know, and it is not my business to assess that responsibility, but there was ample reason for France to reach the conclusion that she would have a reconsideration of the debt question in case she adjusted reparations. If I had been in the position of France, I certainly would not have defaulted; it is a very grave and serious mistake for a nation to default—

Mr. WATSON. Has there ever been any time when the President has had occasion to mention the subject when he has not specifically stated that he would not consent to mingling or considering together debt cancellation and reparations?

Mr. BORAH. I am not reviewing all the things the President has said. Neither am I contending there was specific agreement, but there were discussions of reparations and debts and they issued a communique which clearly indicates the nature of the discussion.

Mr. WATSON. But I am talking about his public declarations. If the Senator had "kitchen" conversations with him I do not know about—

Mr. BORAH. I did not have any "kitchen" conversations and I am not revealing any "kitchen" conversations.

Mr. WATSON. I am not asking the Senator to reveal any.

Mr. BORAH. Wait just a moment. The President called Members of Congress to the White House. It was no different than if he had called them to assemble in the Capitol. We were dealing with a public question; we were dealing with a public program. It was all printed in the newspapers, and I have repeated what actually took place.

Mr. WATSON. That is quite true, and I agree with what the Senator has had to say, but is there any justification for the Senator making the statement or for anybody else making the statement that after that conference had foreclosed the whole question the President subsequently did enter into some sort of a secret arrangement with Laval or had some sort of an understanding with him in accordance with which Laval went back to France and let the French people believe that there would be something done along this line?

Mr. BORAH. The Senator is putting something into my mouth that I did not say.

Mr. WATSON. I am merely asking the Senator the question.

Mr. BORAH. I do not know; but I will say this for the benefit of the Senator, not for the purpose of giving him new information but for the purpose of refreshing his memory, and that is, the President and Laval did talk over the question of debts and reparations. That must be conceded. I do not say that they entered into any agreement, because that I do not know; but I know they discussed the subject.

Mr. WATSON. Of course, I do not know anything about that.

Mr. SHIPSTEAD. Mr. President, I do not know on what these charges this afternoon are based when they infer that a secret agreement had been entered into with Laval about reparations and debts being linked. Herriot a short time ago was quoted in the American press in cables from Paris as saying that the Lausanne agreement was simply carrying out the conversations held with Hoover while Laval was in the United States. After the Lausanne conference MacDonald, speaking before the British Parliament, said that the agreement at Lausanne had been entered into, and he said, "I am happy to say that we had the advice and counsel of representatives of the Government of the United States."

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. I yield.

Mr. McKELLAR. I think Sir Neville Chamberlain also made that statement in the House of Commons; but the Senator will remember that a few days or perhaps the next day afterwards Secretary Stimson in a very elaborate article stated that it was untrue that any such representations had been made to Mr. Laval; and since that time, so far as I know, there has been no denial of Secretary Stimson's statement.

Mr. REED. Mr. President, is it not a fact that Mr. Chamberlain himself withdrew his statement?

Mr. McKELLAR. I think that is true, though I can not be positive about it; but I am positive that Mr. Stimson, following the President in his letter of last summer, stated specifically that no such agreement had been made between the President and Laval.

Mr. LONG. Mr. President—

Mr. SHIPSTEAD. Just a moment.

In regard to the repudiation by Mr. Chamberlain, that was after such a secret agreement had been denied from official sources at Washington. After that had been denied at Washington, Herriot gave to the French press a statement, which was published in the papers of the United States, that he was misquoted when he originally was quoted as having said that the Lausanne agreement carried out the conversations of Laval and Hoover. So that amounted to a repudiation of his first statement, the same as Chamberlain's repudiation of the original statement, both having been made by MacDonald and Herriot before Washington had denied any secret agreement.

Mr. BORAH. Mr. President—

Mr. SHIPSTEAD. If the Senator will pardon me for just a moment, then I will yield.

It is quite plain to me, at least, that when the Governments assembled at Lausanne agreed to give up reparations they threw out a perfectly dead cat, and they expect us to pay them for throwing it out. Whether or not there were any promises made that if they would throw out that dead cat, we would pay them for doing so by canceling what they owed us, I do not know. That still remains a mystery after having been debated upon this floor a good many times since the Lausanne agreement was made.

Mr. McKELLAR. Mr. President, I do not care to argue the matter; but I desire to have read at the clerk's desk, in my time, a short concurrent resolution which I now offer on this subject.

The PRESIDENT pro tempore. The concurrent resolution will be read.

The concurrent resolution (S. Con. Res. 37) was read, as follows:

*Resolved by the Senate (the House of Representatives concurring):* That the Congress of the United States can not view with indifference and unconcern the action of any nation which violates its solemn written obligations to the Government of the United States; and it warns all nations of the serious economic and financial consequences of the violation of the terms of any of such obligations; and urges in the strongest terms of which it is capable a reconsideration of action by any of said nations tending to disregard or to repudiate its solemn obligations heretofore entered into.

*Resolved further,* That inasmuch as provisions were made in the several debt-funding agreements for temporary suspension, in case of stress, of the capital payments due thereunder, and inasmuch as several of the nations now in default made no request for postponement under the provisions of such agreements, the Congress of the United States advises said nations of their failure to take advantage of the provisions in said agreements in their favor. Such nations are advised that the Government of the United States will at all times, when properly notified, make temporary suspension of capital payments as provided in said agreements; but the Government of the United States expects the several nations to make the same provision for the payment of their obligations within the terms of said agreements as they make for the payment of other obligations created by said nations.

*Resolved further,* That said nations are advised that continued defaults by any of them will seriously and permanently impair the credit of said defaulting nations, not only in the United States but in the rest of the world, and will render difficult, if not impossible, the borrowing of money by said nations in any national emergency that may hereafter arise with such nations, since all such transactions are necessarily based upon the honorable and prompt compliance by nations with the terms of their written undertakings.

*Resolved further,* That the President of the United States be requested to transmit to each nation indebted to the United States a copy of this concurrent resolution, assuring each of said nations that the United States has nothing but the kindest feelings of friendship for each and every debtor nation, and is desirous, in the interest of said nations no less than in the interest of the United States, that no condition shall exist tending to interrupt or impair such friendship.

The PRESIDENT pro tempore. The Chair understands the Senator from Tennessee to ask that the concurrent resolution be printed and lie upon the table.

Mr. McKELLAR. That is correct.

Mr. REED. Will not the Senator agree that it shall go to the Committee on Foreign Relations?

Mr. McKELLAR. I have no objection to that.

The PRESIDENT pro tempore. Without objection, the concurrent resolution will be printed and referred to the Committee on Foreign Relations.

Mr. REED. I suggest that it might require some revision in its language. As I listened to the reading of the concurrent resolution, it sounded like a cross between a sermon and a pat on the wrist, and I do not believe that is what the Senate wants to adopt in this case.

Mr. McKELLAR. No, Mr. President; if the Senator will permit me, instead of being a cross of the kind he mentions, what the concurrent resolution is intended to do is to notify the nations that have not paid their debts that it is to their interest to do so, and that America expects them to pay their debts.

Mr. KING. Mr. President, I hope nothing that the Senator from Pennsylvania has said will be construed as indi-



cating a purpose upon the part of the Senate to adopt the concurrent resolution, modified or unmodified.

#### COUNT OF THE ELECTORAL VOTE

The PRESIDENT pro tempore. The Chair lays before the Senate a concurrent resolution from the House of Representatives, to which he invites the attention of the Senator from Illinois [Mr. GLENN].

The Chief Clerk read House Concurrent Resolution No. 44, as follows:

*Resolved by the House of Representatives (the Senate concurring).* That the two Houses of Congress shall assemble in the Hall of the House of Representatives on Wednesday, the 8th day of February, 1933, at 1 o'clock p. m., pursuant to the requirements of the Constitution and laws relating to the election of President and Vice President of the United States, and the President of the Senate shall be their presiding officer; that two tellers shall be previously appointed by the President of the Senate on the part of the Senate and two by the Speaker on the part of the House of Representatives, to whom shall be handed as they are opened by the President of the Senate all the certificates and papers purporting to be certificates of the electoral votes, which certificates and papers shall be opened, presented, and acted upon in the alphabetical order of the States, beginning with the letter A; and said tellers, having then read the same in the presence and hearing of the two Houses, shall make a list of the votes as they shall appear from the said certificates; and the votes having been ascertained and counted in manner and according to the rules by law provided, the result of the same shall be delivered to the President of the Senate, who shall thereupon announce the state of the vote, which announcement shall be deemed a sufficient declaration of the persons, if any, elected President and Vice President of the United States, and, together with a list of the votes, be entered on the Journals of the two Houses.

Mr. GLENN. Mr. President, this concurrent resolution is in the usual form adopted on previous occasions to canvass and declare the result of the last national election. It seems unnecessary to have it considered by the Committee on Privileges and Elections. I therefore move that the Senate agree to the concurrent resolution.

Mr. ROBINSON of Arkansas. Mr. President, I think there is no objection to that course.

The concurrent resolution was agreed to.

#### TREATY WITH ALBANIA

The PRESIDENT pro tempore. If there be no objection, the Chair lays before the Senate, as in executive session, a treaty transmitted by the President of the United States, which will be referred to the Committee on Foreign Relations and printed in confidence for the use of the Senate.

#### WITHHOLDING OF ARMY, NAVY, AND MARINE CORPS PAY

Mr. KING. Mr. President, I ask that the Senate recall from the House of Representatives Senate bill 4810, a bill which was passed yesterday, and concerning which I entered a motion to reconsider.

Mr. ROBINSON of Arkansas. May I ask what is the bill?

Mr. KING. It is a bill that came from the War Department.

The PRESIDENT pro tempore. It is a bill to authorize the Secretary of War or the Secretary of the Navy to withhold the pay of officers, warrant officers, and nurses of the Army, Navy, or Marine Corps to cover indebtedness to the United States under certain conditions, passed yesterday. The Senator from Utah has entered a motion to reconsider; but in order to reconsider, the papers will have to be recalled from the House of Representatives. That motion the Chair understands the Senator from Utah to be now making.

Mr. REED. Do I understand that if the motion is carried, the Senator will insist to-day on action on his motion to reconsider?

Mr. KING. Oh, no, Mr. President!

The PRESIDENT pro tempore. The Chair will state that that action can not be had until the papers are physically in the possession of the Senate.

Mr. KING. I shall not delay the Senate to-night with the consideration of the matter.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Utah that the House be requested to return the papers.

The motion was agreed to.

#### RECESS

Mr. McNARY. I move that the Senate take a recess until 12 o'clock noon to-morrow.

The motion was agreed to; and (at 4 o'clock and 43 minutes p. m.) the Senate took a recess until to-morrow, Thursday, January 5, 1933, at 12 o'clock meridian.

## HOUSE OF REPRESENTATIVES

WEDNESDAY, JANUARY 4, 1933

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

We thank Thee, our Heavenly Father, that through Christ we have an eternal inheritance in God. May our powers be consecrated, our lives made exultant, and our influence crowned by the teaching of His holy word. Bless all of us with that temper, with that glorious courage, and with that unrelenting energy that spring from His earthly life. Ours is a high trust; oh, may we be loyal to it and leave a work that shall sustain the undecaying life in the very soul of the Nation. May we strive with every nerve to exalt, refresh, and reinforce our native land until our national sky shall glow through all its arch with the radiance of the upspringing light. Amen.

The Journal of the proceedings of yesterday was read and approved.

#### MESSAGE FROM THE SENATE

A message from the Senate by Mr. Craven, its principal clerk, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 40. Concurrent resolution to provide for the printing of additional copies of the hearings held before the Committee on Ways and Means of the House of Representatives on House Joint Resolution 123, relating to moratorium on foreign debts.

The message also announced that the Senate had passed with amendments, in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 4039. An act for the relief of Herman H. Bradford; and

H. R. 13607. An act to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 4082. An act to regulate the business of executing bonds for compensation in criminal cases and to improve the administration of justice in the District of Columbia;

S. 4810. An act to authorize the Secretary of War or the Secretary of the Navy to withhold the pay of officers, warrant officers, and nurses of the Army, Navy, or Marine Corps to cover indebtedness to the United States under certain conditions;

S. 5131. An act to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Cannelton, Ind.;

S. 5231. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.;

S. 5232. An act to extend the time for constructing a bridge across the Missouri River at or near St. Charles, Mo.; and

S. 5235. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Brownsville, Nebr.

#### AGRICULTURAL RELIEF LEGISLATION

Mr. POU, from the Committee on Rules, submitted the following privileged resolution (H. Res. 339) for printing under the rule:

## House Resolution 339

*Resolved*, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 13991, a bill to aid agriculture and relieve existing national economic emergency. That after general debate, which shall be confined to the bill and shall continue not to exceed eight hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. POUL. Mr. Speaker, I ask unanimous consent, at the request of several of my colleagues, that the resolution may be read for the information of the Members.

There was no objection.

The Clerk read the resolution.

Mr. SNELL. May I ask the gentleman from North Carolina when he intends to bring up this rule?

Mr. POUL. I believe on to-morrow. I would like to be informed by the Speaker whether that is in accord with the present business of the House.

The SPEAKER. It is hoped to bring up this rule to-morrow, if we can finish the deficiency appropriation bill to-day.

Mr. SNELL. I hope the gentleman will be able to tell us what is in the bill.

Mr. POUL. I refer the gentleman to the chairman of the Committee on Agriculture, the gentleman from Texas [Mr. JONES].

## PERMISSION TO ADDRESS THE HOUSE

Mr. LaGUARDIA. Mr. Speaker, I ask unanimous consent to speak for one-half minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. LaGUARDIA. I do this for the purpose of calling the attention of the Members of the House to the fact that the interest rate in New York and Chicago on call money, interest to brokers, cotton brokers, wheat brokers, and corn brokers is 1 per cent per annum. Interest to farm owners and home owners is 6, 8, and 10 per cent.

Mr. SNELL. Will the gentleman yield?

Mr. LaGUARDIA. I yield.

Mr. SNELL. Will the gentleman tell us where we can get some of this cheap money?

Mr. LaGUARDIA. If the gentleman were a broker and wanted to gamble on the stock exchange, he could get all he wanted.

## FIRST DEFICIENCY APPROPRIATION BILL

Mr. BYRNS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 13975) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the first deficiency appropriation bill (H. R. 13975), with Mr. O'CONNOR in the chair.

The Clerk read the title of the bill.

Mr. BYRNS. Mr. Chairman, I move to strike out the last word.

All of yesterday was consumed, Mr. Chairman, in debate upon subjects which are not covered in this bill. There was no statement made for the RECORD as to just what this bill carries, and I have asked the indulgence of the committee for two or three minutes while I state for the RECORD just what the committee has recommended to the House for inclusion in the bill.

The amount recommended to be appropriated in this bill is \$31,421,520.57, which sum is \$12,285,188.42 less than the

Budget estimates. It should be stated that of this sum of \$31,421,000, \$28,000,000 represents an appropriation which is made available for the payment of tax refunds between now and July 1, which will come up for consideration in a few moments, and the greater part of this reduction—practically all of it, in fact—occurs in the reduction which the committee has made in the estimate submitted for tax refunds, which originally was \$40,000,000 and which the committee has reduced \$12,000,000.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BYRNS. I will.

Mr. SNELL. Have these tax refunds turned out to be greater or less than the general experience for the last few years? As I understand it, the gentleman said the committee had reduced the amount for tax refunds because the committee did not believe they would come up to what was estimated. What has been the experience of the Government in the last few years in regard to tax refunds? Has it been more or less than estimated?

Mr. BYRNS. Oh, they have always been less. But the gentleman will recall that last year there was no appropriation made and there was no estimate submitted, and Mr. Mills stated then, and I stated to the House at the time the bill was reported, quoting from Mr. Mills and also on behalf of the committee, that there would undoubtedly be an appropriation required in December or at the December session to take care of tax refunds.

Mr. SNELL. But that was one of the things that was left out entirely last year?

Mr. BYRNS. Yes.

Mr. SNELL. So when it was put out to the country that our appropriations were so much less or so much saved, it really did not mean that exactly.

Mr. BYRNS. Well, I think that was made very plain by Mr. Mills, the Secretary of the Treasury, when he appeared before our committee, because he was frank enough to say that he had not included in his estimates any sum for tax refunds, and he was frank enough to say at the time that he felt probably \$40,000,000 would have to be appropriated at the December session in order to take care of it; but that they had enough money to run until December and, owing to the condition of the Treasury and the size of the deficit, he felt that in the matter of tax refunds that money could well be left off. We followed his suggestion and recommendation when we did not include it.

Mr. SNELL. I thought I understood the gentleman to say there was \$28,000,000 put in.

Mr. BYRNS. Yes.

Mr. SNELL. Of course, those are regular obligations of the Government from year to year which have to be met?

Mr. BYRNS. Yes; undoubtedly.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. DICKSTEIN. Does this deficiency bill take care of items of deficiency to the extent of \$600,000 in the deportation of aliens?

Mr. BYRNS. No; it does not.

Mr. DICKSTEIN. This bill also eliminates any deficiency for the additional 30 days' furlough that is to be given or has now been given to the men in the Immigration Service, does it not?

Mr. BYRNS. Yes; it eliminates that.

Mr. LaGUARDIA. Does it eliminate it?

Mr. BYRNS. It eliminates any necessity for that by making available a transfer from other funds for the purpose of taking care of these employees to the extent of \$20,000.

[Here the gavel fell.]

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman from Tennessee be given five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. DICKSTEIN. It only provides \$20,000 for the District of Columbia. It does not take care of the more than 3,000



men in the Immigration Service and border patrol who, in addition to the Government furlough, have been penalized with another furlough by the administration because of lack of funds, and that amounts to a total of about \$600,000.

I wish to know from the chairman whether the deficiency bill provides the means for restoring to these men the 30-day administrative furlough.

Mr. BYRNS. It does not. The Budget estimates did not include it. The committee, therefore, did not see the necessity of going into it. We did not make any appropriation for that purpose.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a question along that same line?

Mr. BYRNS. I yield.

Mr. SNELL. Why were the immigration and border-patrol services further penalized beyond the average Government employee in any other department?

Mr. BYRNS. I do not think they have been penalized to any further extent.

Mr. SNELL. All of them must take an extra furlough of 30 days and some of six months.

Mr. BYRNS. I have just been advised that the Secretary of Labor has modified that order. I did not notice it myself. It will be modified so that everybody will have the same administrative furlough.

Mr. LA GUARDIA. It will only tend to make matters worse.

Mr. SNELL. I would like to have it made clear as to whether it is to be modified to make the furlough apply to all the members of that service or whether it applies to only those latest to enter the service.

Mr. BYRNS. I will say to the gentleman from New York, who has been talking economy, that if he wants to make the appropriations necessary to pay for those employees that his own administration says are not necessary, an amendment upon this bill is in order, and if the House wants to adopt it it may; but we have not seen fit to add \$600,000 to the expenses of the Government, when the President and the Budget did not ask for it. [Applause.] That is the whole story.

Mr. SNELL. I am just trying to get information from the gentleman.

Mr. BYRNS. And I am trying to give it to the gentleman.

Mr. SNELL. There is no need to get excited over it.

Mr. BYRNS. I am not getting excited over it.

Mr. SNELL. I wish to ask the gentleman another question: How are the men in the Immigration Service and border patrol going to get any advantage from the present amount that is carried?

Mr. BYRNS. I just can not tell the gentleman. That is a matter of administration. We have taken care of those in the District whom the Secretary said were necessary, to the extent of \$20,000, by making certain funds available.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield so I can explain this situation?

Mr. BYRNS. I yield.

Mr. DICKSTEIN. The Secretary of Labor, as a result of a condition along the border, had to do a great deal of extra work there. The Chinese were being expelled from Mexico and thrown over to our line. The moment they threw them over the department picked them up. They were all smuggled. As a result of this crusade 2,500 Chinese were picked up. This vigilance and extra work created a deficiency in the appropriation.

Now, in order to meet the Budget, the Secretary issued an order cutting 10 per cent of the service for six months. They appealed to the Secretary of Labor, because most of these men, even the youngest, have been in the service 10 years, and most of them are veterans of the World War, all of them have large families, and they could not take a lay-off of six months. The older men in the service, in order to help out the younger men, all agreed temporarily to take an additional 30 days. So, instead of a 6 months' furlough, they all took a 30 days' furlough.

I propose to offer an amendment at the proper time to restore to this service the \$600,000 deficit for wages and

salaries so that they may not be penalized more than any other department of the Government.

Mr. SNELL. What I was trying to bring out was why the Immigration Service should be penalized and its men laid off in greater proportion than those in any other service.

Mr. BYRNS. That is exactly what I am trying to find out myself.

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. I yield.

Mr. COCHRAN of Missouri. Is it not a fact that under the present order immigration has practically stopped? If this be so, why is the same number of employees needed now that were needed a few years ago when thousands were coming in monthly? What have they to do?

Mr. BYRNS. Owing to the fact that immigration has fallen off and we are having very little of it now as compared with what we had years ago, it was not necessary to make an appropriation to take care of a lot of employees who will not be needed.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. LA GUARDIA. By reason of the added restrictions on immigration we have increased smuggling of aliens, and unless these aliens are picked up in time and sent back at the expense of the transportation companies which brought them here, they will be picked up later on and sent back at the expense of the Government. I served in the Immigration Service some 25 years ago and have had some experience. I know this is not economy, because the smuggling will increase, we will have more trouble on our hands, and it is more costly to send the aliens back if they are found to be in the United States unlawfully than to catch them at the time of entry and deport them immediately.

Mr. BYRNS. That is the very honest opinion of my good friend from New York and I am not underrating it, but I will say that the committee in failing to make this appropriation acted in accordance with the judgment of the sworn officers of the law consisting of the Secretary of Labor, the Commissioner of Immigration, the President of the United States, and the Bureau of the Budget. When they were not asking for this additional and immense sum which has been suggested we did not feel that the committee ought to undertake to add to the appropriation and thereby add to the deficit in the Treasury.

Mr. LA GUARDIA. I may say that I have conferred with the same officials and they say this is going to impair their service and they are asking for additional funds.

Mr. BYRNS. These other gentlemen whose duty it is to maintain our immigration laws do not think so. This is a difference of opinion between the gentleman from New York and the administrative officers, and I can not settle that.

Mr. SNELL. Will the gentleman yield for another question?

Mr. BYRNS. Yes.

Mr. SNELL. I have been told that the reason the appropriation was running low was because so much of the money for this department was used in deporting aliens and this made them shy of money to pay for the salaries of employees. Is that correct?

Mr. BYRNS. I do not know whether that is correct or not. I know they have been using all the money available for the purpose of deporting aliens.

Mr. SNELL. They have gone a great deal beyond the amount available for that particular service and they have taken it out of the money for salaries.

Mr. BYRNS. I do not believe I am misquoting him—we have a very excellent Immigration Commissioner in the person of Hon. Harry Hull, who, I think, has made a splendid official. I know he is highly conscientious and I know he

is very much interested in deporting these aliens when they are apprehended and held in jail.

Mr. SNELL. I am entirely in favor of that.

Mr. BYRNS. Because they are an expense on the States and the cities or the localities where they are being held, and they ought to be sent back.

Mr. SNELL. Is it not true, Mr. Chairman, that to stop them at the border, by trained, well-paid officials, is better than to have them get into this country and then have to deport them?

Mr. BYRNS. Yes; but I will say to my friend that you have had millions of dollars appropriated for this purpose and they are here. Having come in under these circumstances, with liberal appropriations made in the past, I want to know how you are going to prevent additional entries into this country by appropriating \$600,000.

Mr. SNELL. We are certainly not going to prevent it by cutting down the force on the borders, because there is more incentive to these people to get in here now that we have limited immigration than there was before.

Mr. BYRNS. The gentleman's inquiry shows you have not prevented it in the past and the gentleman will not deny that we have had most liberal appropriations.

Mr. SNELL. I admit we have not entirely prevented it, but we have more of it at the present time, as shown by the extra large number of deportations.

Mr. BYRNS. I do not think so, because I think if the gentleman will look at the record with respect to those who are being deported, he will find that the great majority of them have been in this country for years.

Mr. COCHRAN of Missouri. They have been in jail for years.

Mr. BYRNS. Some of them have been in jail for months and years and they are merely being picked up now, having slipped into this country in one way or another in the past. These men are not recent entries.

[Here the gavel fell.]

Mr. DYER. Mr. Chairman, I ask unanimous consent that the gentleman from Tennessee may have five additional minutes.

Mr. BYRNS. I would like for some of these other gentlemen to get time of their own and let me conclude.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. DYER. Will the gentleman yield for a question to see if we can clear up this situation?

Mr. BYRNS. I yield.

Mr. DYER. The statement has been made by the gentleman from New York that there have been large deportations. I would like to know what the number has been, how many have been deported, and whether or not the money has been used for that purpose. It is easy, Mr. Chairman, to make a statement and say that the money is to be used in deporting aliens, but the chairman of the Committee on Appropriations states that the department officials have not appeared before him and have not given him any information on the need of this additional money. I think it would be most unwise to follow the suggestion of gentlemen who make bare statements without giving any facts, unless the Committee on Appropriations has facts to justify such an expenditure.

Mr. BYRNS. I agree with the gentleman, and the gentleman has stated the matter much more clearly than I could. That is exactly what I was trying to put across.

I may say to my friend that we had one estimate, and that estimate asked the Congress to authorize the transfer of \$20,000 from one fund where the money was available in order to take care of certain employees here in the District of Columbia who are needed in this deportation work. We allowed this estimate. There was no estimate before us for \$600,000 or any other amount, and, therefore, we did not go into the question of whether or not additional sums are needed, because it has never been the practice of the Appropriations Committee, in its consideration of appropriation measures, to go out and try to find something for which to make appropriations.

Mr. SNELL. I agree with the gentleman about that.

Mr. BYRNS. We are trying to avoid them, as you know. So we did not go into that. I was not expecting this question of immigration to come up, certainly not at this time. I have sent for some information, and when this matter is reached in the regular order during the consideration of the bill, when it is being taken up under the 5-minute rule, I hope to have more information.

Mr. SNELL. All right; that will be quite satisfactory.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. Yes.

Mr. BLANTON. The minority leader is criticizing a situation that is solely the result of action of his own administration.

Mr. SNELL. I did not say anything about who was responsible for it. I wanted to get the information.

Mr. BLANTON. But the situation the gentleman is criticizing is the result of action of his own administration. The gentleman has entrée to the White House daily, hourly, and every minute. Why does not the gentleman go down there and complain? Why does the gentleman come on the floor of the House when it is to his administration that he ought to make this complaint?

Mr. SNELL. I want to say to the gentleman that I am inquiring of the chief source of information, the chairman of the Committee on Appropriations; I have a right to do so and I shall continue to do so.

Mr. BYRNS. I have no objection to answering the question.

Mr. SNELL. The gentleman from Tennessee has said that he has not the information now but he will furnish it later on, and that is perfectly satisfactory to me.

Mr. COCHRAN of Missouri. I have the hearings, in which Mr. Wagner says that for the year, including the removal of indigent aliens, the deportations were 22,063. He says that they plan a 25,000 deportation program for this year if the funds are made available.

Mr. SNELL. That does not answer the question that I propounded, whether more money was spent in the last year for deportation than was allowed in the original appropriation bill. I understand that there was more used, and for that reason they were obliged to cut down the personnel.

Mr. BYRNS. They did not use more than was allowed in the bill. I have the hearings now before me. Mr. Wagner stated:

The necessity for the change in limitation is to enable the bureau to function efficiently and economically. The amount available last year for personal services in the District of Columbia was \$385,530. This year it is \$300,000, which is a reduction of over 22 per cent, although the reduction in the general appropriation was only 10 per cent.

He further says:

Our deportation work in the field has been increased, not decreased. Our other activities have been maintained at the same rate as they were maintained last year. During the last half of the fiscal year our reentry-permit work will be at its peak.

Furthermore, the work will pile up in the bureau, and that will result in delay in disposing of warrant cases in the field, and what you save in Washington will speedily be overcome by increased detention and maintenance expenses in the field.

He further says:

I have not the figures here for the five months of last year, but the total for the year, including the removal of indigent aliens, was 22,063. We plan a 25,000-deportation program this year if the funds are made available, and we are going at that rate right now.

Mr. LAGUARDIA. If the gentleman will yield, I think I can furnish the information. The number of aliens deported is not necessarily any guide to the amount of money required. There are two classes of deportations. We have a class of aliens deported for causes existing prior, and if confronted within a certain time they are deported at the expense of the steamship company that brought them in.

On the other hand, there is a second class of criminal aliens, deported at the expense of the Government. So, unless you know how many aliens were deported at the expense of the Government, which was not estimated when the orig-



inal appropriation was made, you do not know how much money was spent on either class.

Mr. BYRNS. Now, Mr. Chairman, I would like to have a minute of my own time. The immigration matter will come up under the 5-minute rule and be threshed out at that time. I did not anticipate that it would arise now. I got up to put some figures in the RECORD and to call the attention of the House to this fact in justice to myself. A year ago my good friend from Nebraska [Mr. SIMMONS] took me to task repeatedly with the charge that I was recommending, on behalf of the committee, appropriations which I knew, and they knew, would not be sufficient to carry us through the fiscal year. I told the gentleman from Nebraska that the Committee on Appropriations had adequate hearings and that these appropriations had been made so that in my judgment and the judgment of the committee the departments would be able to function with efficiency.

I simply call the attention of the House and the country to the fact that despite the statement of my friend from Nebraska [Mr. SIMMONS] I was entirely correct in my repeated statements, and that the deficiencies which have been submitted to this committee and which we are carrying in this bill, exclusive of the tax refunds which everyone understood, amount to only \$285,000, the lowest ever carried in any urgent deficiency appropriation bill, so far as I know, in the most recent history of the Congress of the United States.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. SNELL. At what time in the bill does the gentleman mean to bring this up, if there is no item carrying it?

Mr. BYRNS. Oh, there is an item relating to immigration.

Mr. WOODRUM. Mr. Chairman, I rise in opposition to the pro forma amendment. So far three of the major appropriation bills have passed the House. Under the able and intelligent leadership of our chairman [Mr. BYRNS] they are \$425,000,000 below the appropriations for the same activities for 1933 and \$56,000,000 below the Budget estimates for 1934, a very creditable showing.

The Appropriations Subcommittee on Independent Offices, of which I have the honor to be chairman, is beginning hearings to-day upon the independent offices appropriation bill, which provides the annual appropriations for forty-odd Government departments.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. WOODRUM. Yes.

Mr. SNELL. Will the gentleman explain to us how much of the original \$56,000,000 is actual saving and how much is merely bookkeeping, which will have to be paid later by the Federal Government on account of contracts in existence at the present time?

Mr. WOODRUM. Not a dollar, so far as I know.

Mr. SNELL. The gentleman makes that statement—"Not a dollar." What about the road contracts and public-buildings contracts?

Mr. WOODRUM. Oh, that is not in the independent offices appropriation bill.

Mr. SNELL. I am talking about the \$56,000,000 to which the gentleman just referred.

Mr. WOODRUM. I do not know. I can not answer the gentleman as to that. The independent offices appropriation bill for the current year carried \$982,446,041, which was \$56,000,000 below the Budget estimates; and, so far as I know, not one dollar of that \$56,000,000 will ever have to be appropriated or paid out of the Public Treasury. The Budget estimates for the independent offices appropriation bill for 1934 are \$1,027,786,501, or approximately 25 per cent of the entire Federal Budget. Taking out certain nonrecurring items, the Budget estimates are nearly \$45,000,000 more for 1934 than for the current fiscal year. Of that sum, \$990,860,834 is for the Veterans' Administration, leaving something less than \$40,000,000 for the other 39 independent Government establishments, so that if the Subcommittee on Appropriations would do what, of course, it can not do, abolish the Interstate Commerce Commission, the Federal Radio Commission, the Federal Trade Commission, and all

of the other 39 independent establishments, our bill would still be about \$10,000,000 more than it is for the current fiscal year, if we did not touch the Veterans' Administration. I do not want to inject into the consideration of the deficiency appropriation bill any controversy, but I have some proposals I expect to make to the subcommittee with reference to temporary reductions in the Veterans' Administration appropriation which, if followed by the committee and the House, will reduce it \$85,000,000 for the next fiscal year; and, in order not to get into any controversy or any argument which would impede the consideration of this bill, I ask unanimous consent to extend my remarks in the RECORD at this point by inserting some observations on that question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WOODRUM. Mr. Chairman, in the present economic crisis the paramount duty of Congress—a duty which overshadows everything else—is to balance the Federal Budget. The keystone in the arch of economic stability is a balanced Budget. The Democratic Party is definitely committed to the proposition of bringing the Federal expenditures within the limits of the receipts of the Government. Despite the economies of the last session of Congress and notwithstanding the revenue bill, which sought to supply sufficient revenue to balance the Budget, we are daily spending for the cost of the Federal Government millions of dollars more than our receipts. This condition can not continue without grave danger to the safety of the Republic. It is useless to talk of recovery and expansion in business so long as the finances of the Federal Government are in such a chaotic condition. Nothing that the present Congress can do will mean so much to hasten economic recovery as to show the American people that it will, without regard to political expediency, reduce the cost of government to a point where, with a reasonable revision of the revenue laws, Uncle Sam will again be on a self-supporting basis. The first step in balancing the Budget is to cut expenses. The last resort should be additional taxes.

So far four appropriation bills have been reported to Congress. Three have passed the lower House, and under the able leadership of the gentleman from Tennessee [Mr. BYRNS], chairman of the Appropriations Committee, these four bills are, in round figures, \$425,000,000 below the appropriations for the same activities for the current (1933) fiscal year, and, in round figures, \$56,000,000 below the estimates of the Bureau of the Budget, which were approved by the President for the next (1934) fiscal year. This is a creditable showing.

The Appropriations Subcommittee on Independent Offices, of which I have the honor to be chairman, has begun hearings on this bill, covering, as it does, some forty-odd Government departments, bureaus, and commissions and including the Veterans' Administration. This bill as passed by the House of Representatives in the last session of Congress was in the sum of \$932,446,041. As finally passed, it was approximately \$56,000,000 below Budget estimates. Added to that were certain nonrecurring items, as follows:

Appropriation for the world's fair at Chicago.....	\$1,000,000
Advance loan to bonus marchers.....	100,000
Amount appropriated to reimburse Federal Farm Board for wheat and cotton donated to the emergency-relief committees.....	40,000,000
Initial appropriation for the Federal Home Loan Bank Board.....	250,000
Amount transferred from the radio division of the Department of Commerce to the Federal Radio Commission.....	490,000
Total.....	41,840,000

Or a total gross amount for the independent establishments of the Government for the current fiscal year of \$1,024,286,041. The estimates submitted to our committee for the fiscal year 1934 for independent offices of the Government are \$1,027,786,501, or a net increase of \$3,500,460 over the 1933 appropriations. Deducting from the estimates for 1934 the nonrecurring items above set forth which figured in the total appropriations for 1933, we have a net

increase in the budgetary estimates for 1934 for independent offices of \$44,975,460. The major items constituting these increases are as follows:

Veterans' Administration (approximately)-----	\$41,000,000
U. S. Shipping Board for the operating deficiency for the Emergency Fleet Corporation (approximately)---	3,000,000
Supreme Court Building (approximately)-----	2,000,000

The subcommittee will, following its custom, make minute examination of every expenditure provided for in this bill and make every possible reduction consistent with orderly and efficient operation of governmental functions.

In the 1933 bill there was carried for the Veterans' Administration the sum of \$948,799,000. Of this amount \$20,850,000 was the Government's contribution to the employees' retirement fund, and in no sense of the word a disbursement for veterans. The estimates for Veterans' Administration now before the committee for 1934 are \$990,860,834, or an increase, approximately, of \$48,000,000. Of this \$48,000,000 about \$1,500,000 is occasioned by salaries and expenses incident to the bringing in of additional hospital and domiciliary facilities. The remainder represents the net increase in compensation, disability allowances, and pensions occasioned by the filing of new claims.

It will be seen at once that if any substantial saving is to be made in the appropriations for the independent offices of the Government as represented in this bill, which carries more than 20 per cent of the entire Federal Budget, that some reduction will have to be made in the amount of the appropriation for the Veterans' Administration.

In the last session of Congress a joint committee was constituted composed of Members of the House and the Senate and charged with the duty of making a comprehensive survey of veterans' expenditures with a view to correcting inequalities and recommending to Congress legislation that ultimately will bring about a reduction in these expenditures with the least possible effect on deserving veterans and their dependents. This committee is conducting hearings upon this subject and has been authorized by the House to file its report not later than March 3, 1933. This committee is not empowered to report legislation, but is merely a fact-finding body. This report, when filed, will no doubt be referred to the Veterans' Committee of the House for its consideration. Therefore, there is no reason to suppose there will be any change made in the fundamental law relative to veterans' compensation in time to affect the 1934 appropriations.

What I am about to say upon this subject is my own individual opinion and in no way reflects the sentiments of other members of my subcommittee who, of course, will ultimately have the responsibility of passing upon the matter. In my judgment, Congress can not justify its position, or retain its objective to balance the Federal Budget, without making some temporary reduction in the cost of the Veterans' Administration. I believe I reflect the sentiment of the American people when I say that the best is none too good for the veteran who is disabled because of his services in the World War, and that the widows, orphans, and dependent parents of veterans who died from service-connected disabilities should be generously treated by the Government. This is being done and will undoubtedly continue to be the policy of the Government. America has been generous to her veterans, but the time has come, in my judgment, when, due to the critical condition of our finances, every person who draws compensation or payment in any form whatever out of the Federal Treasury should make his reasonable contribution to the balancing of our Budget and thus hasten the return of the day when our national finances will be on a stable basis and the solvency of our Government beyond question.

I have spoken of our duty as Americans to the veteran disabled because of his war service. Let us not forget our duty to the able-bodied veteran, many of whom, because of inability to secure employment, are in destitute circumstances—even far worse than their comrades who because of disabilities are drawing compensation from the Government. Our duty to the able-bodied and to every citizen is to

bring about a condition in our country, if we can, where every man will have an opportunity to support himself and his dependents by honest toil. The first step toward this goal is to set our financial house in order.

It is not the function of the Appropriations Committee to make changes in the fundamental or organic laws, and I would not favor such a course by our committee, and I believe the interested parties are entitled to have their day in court, and that before any drastic change is made in the fundamental law relative to veterans, we should have the benefit of the report of our special committee, and that the proposed changes should be considered by the legislative committee of the House of Representatives in regular order. In the emergency, however, as I have stated, there must be some temporary reductions made; and upon my own individual responsibility I propose to submit to my subcommittee when they come to consider this question certain temporary reductions to apply only to the next fiscal year, which I do not believe will work a hardship upon any veteran, but which will enable us to reduce the cost of the Veterans' Administration in the next fiscal year approximately \$85,000,000. My proposal will be as follows:

First. A straight 10 per cent temporary reduction in all forms of World War compensation. This includes compensation being paid in service-connected cases, disability allowances, and compensation paid to dependents of veterans who have died of service-connected disabilities.

Second. A straight 10 per cent temporary reduction in Army and Navy pensions, which includes Spanish-American, Civil War, and all other pensions.

Third. Under the terms of the economy act the emergency retired officers were given an 8½ per cent reduction in their pay, and to this I would add 1½ per cent reduction, bringing them up to the 10 per cent reduction.

The reductions enumerated in paragraphs 1, 2, and 3 will bring a net saving of \$60,000,000 for the fiscal year.

Fourth. The appropriation for disability allowances for 1933 was, in round figures, \$103,000,000. The estimate for 1934 contemplates 100,000 new claims and an appropriation of approximately \$125,000,000. Due to a marked falling off in the number of new claims being filed, it will be possible to reduce this estimate in the sum of \$20,000,000.

Fifth. Under the present law veterans without dependents and suffering from service-connected disabilities, when hospitalized by the Veterans' Administration for such disabilities, are given an increased compensation on the basis of a temporary total rating. The practical effect of this is that a veteran receiving \$15 per month is placed in the hospital for treatment and his compensation is increased to \$90 per month, and so forth. I am speaking now only of veterans without dependents.

I propose that we shall provide for the next fiscal year that when a veteran without dependents is hospitalized for a service-connected disability, the maximum compensation shall be \$20 per month. I reiterate that this will in no way affect veterans with dependents who are hospitalized for service-connected disabilities. This temporary change in the law would mean a saving of approximately \$5,000,000 for the next year, making a total possible reduction of \$85,000,000, only \$65,000,000 of which will be the withdrawal of benefits now being received. I believe the rank and file of the veterans will raise no serious objection to the proposals I have made. I believe most of the veterans and their leaders realize that in these tragic times there is a duty upon every citizen, and especially upon every person receiving funds out of the Federal Treasury to do his bit. Compared to some of the drastic proposals that are being pressed relative to veterans my suggestions are reasonable and conservative.

I shall also suggest to my subcommittee that the same rule be applied to those persons who are drawing compensation or payments through the Federal Employees' Compensation Commission on account of disabilities incurred in the civil employment of the Government. This will bring a reduction in this appropriation of approximately \$400,000. Other savings of consequence will be found.



It is never a pleasant task to reduce the income of a fellow citizen, especially in these strenuous times, but we must remember that the employees of the Government have taken a reduction in their wages for one year, and will take it again this year, and we should bear in mind the fact that while the economy act provided for an 8½ per cent reduction in wages through the legislative furlough, many of the Government departments, in order to operate within their reduced appropriations, have been forced to give administrative furloughs, which have greatly increased the financial contribution that is being made by the Government employees.

Every State, city, and county government is being compelled to cut drastically its program in nearly every governmental function and in many instances its relief program as well.

The country has expressed confidence in the leadership of Governor Roosevelt and the Democratic Party. It looks forward to March 4 as a great day when a new order of things will come about and when the ever-darkening skies will begin to brighten. The mere advent of a Democratic administration and the inauguration of Governor Roosevelt will not contain within itself the magic necessary to bring about this sudden reversal of affairs. It is going to take aggressive action on the part of the legislative and executive branches of the Government in striking boldly at the causes of the trouble, one of which I reiterate is an unbalanced Federal Budget.

Mr. DICKSTEIN. Mr. Chairman, I move to strike out the last two words and ask unanimous consent that I may proceed for five additional minutes on the discussion of this matter.

The CHAIRMAN. Is there objection?

Mr. HASTINGS. Mr. Chairman, I reserve the right to object. We have not yet reached the item in the bill that the gentleman evidently is going to discuss. I think we ought to read the bill down to that item, and when we come to it, discuss it. For the moment I object to a further extension of five minutes.

Mr. DICKSTEIN. Mr. Chairman, if my good friend understood this question, he would allow me more than 10 minutes, as I think it is of vital importance to almost 3,609 families.

Mr. HASTINGS. Mr. Chairman, I am not objecting to the gentleman having some additional time, but I think the gentleman ought to wait until the item is reached in the bill.

Mr. DICKSTEIN. I think this is an important matter before the Congress and that we ought to have some figures presented in respect to it.

Mr. HASTINGS. I shall take the responsibility of objecting to any extension of time at the present time.

Mr. DICKSTEIN. Mr. Chairman, I am not quarreling with the chairman of the Committee on Appropriations. I think he has a hard job and has rendered some very valuable and able service and has saved the country millions and millions of dollars, but this is no time to save when you are dealing with the foundation of the Government, and that is your immigration and your border patrol. Once you remove and destroy the personnel of the border patrol which protects your borders, once you destroy your immigration inspectors that have charge of the incoming and outgoing of people, you destroy the fundamental principles of this Government, and this place will not be safe for Americans to live in.

Now, what does this do? An unusual situation arose. During the last fiscal year a number of Chinese have been deported from Mexico, and they found their way into El Paso and other border points of the United States. What could the officials do? They must either pick them up or give them a medal for smuggling from Mexico into the United States. So they picked up 2,256 Chinese, whom they were compelled to deport at an additional cost of \$288,650. It was either deport those Chinese or let them come in to your community and my community. They had no business here. Mexico did not want them. We did not want them, but we were the sufferers because we had our border patrol.

Our immigration inspectors were alert enough to pick them up and send them back. Now, because of this deficiency and because of this expenditure, they now want to reduce the personnel of the immigration and border patrol by turning them off. In other words, they want to take it out of the Immigration Service, out of the personnel.

A month ago the Secretary of Labor—who in my opinion has rendered some valuable service and who is an able and honest man—issued an order laying off 10 per cent of the entire service, which includes, as I said a moment ago, 10 per cent of 3,669 men. So I appeal to you that it would be a discrimination against a group of 10 per cent to lay them off—in other words, to discharge them for six months. The Secretary of Labor, after due consideration, had fixed a 30-day furlough for the whole service, amounting to 3,669.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. CHINDBLOM. I understood the gentleman to say that the Secretary of Labor laid off 10 per cent of something over 3,000 men?

Mr. DICKSTEIN. He laid off 10 per cent of the Immigration Service.

Mr. CHINDBLOM. Did he not rather lay off a certain number of men for 10 per cent of the time?

Mr. DICKSTEIN. The original order was a 6-month furlough to 10 per cent of the personnel outside of the District of Columbia, because some of the money that was to be used for their pay was used in the deportation of these Chinese who came from Mexico into our country.

Mr. CHINDBLOM. I simply wanted to get the facts.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BYRNS. Mr. Chairman, I hope the gentleman will let us read this bill. We will come to the question of immigration on page 7 and it will come up in order at the proper place. We want to get through with this bill to-day and take up the agricultural relief bill to-morrow.

The Clerk read as follows:

Committee on Revision of the Laws: For the employment of competent persons to assist in continuing the work of compiling, codifying, and revising the laws and treaties of the United States, fiscal years 1933 and 1934, \$3,000.

Mr. BLANTON. Mr. Chairman, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. BLANTON: On page 2, line 18, strike out the words "continuing the work."

Mr. BLANTON. Mr. Chairman, on yesterday the President of the United States sent to Congress a recommendation to appropriate an additional \$150,000 for continuing the work of the so-called arms conference at Geneva.

It will be remembered that last year the President sent a recommendation to Congress to appropriate \$450,000 for this so-called arms conference. I took the position at that time on this floor that it would be an absolute waste of money, that no good would be accomplished by it, and that we ought not to appropriate the \$450,000. I then predicted that instead of accomplishing good it would do harm, as our presence there at this time would incite bad feeling in different parts of Europe against our country. Just that very thing has happened. Congress, in its wisdom, instead of allowing \$450,000 as asked by the President, saw fit to allow only \$300,000, and that sum was appropriated; both the House and the Senate, on the floor and in the hearings and in the conference, indicated to the administration that that was all that could be spent, \$300,000 which Congress appropriated; that they must not go beyond that limit of \$300,000; and this crowd has been junketing in Europe for months.

I will show you why they are now coming here and asking for another \$150,000. In addition to the high-salaried employees of the Government who were connected with that so-called arms conference, they have one press-relations man drawing \$5,000 salary and expenses connected with it. They have one advisor drawing \$8,000 salary and expenses; they have one assistant clerk drawing \$3,000 and expenses; they

have one corresponding clerk drawing \$2,400 and expenses; and they have 15 clerks and stenographers drawing each \$200 a month and expenses.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. BLANTON. I yield.

Mr. MARTIN of Massachusetts. Is not the chairman of that committee a Democrat?

Mr. BLANTON. I do not care whether he is a Democrat or a Republican or a mixture of both, or a Hottentot. This expense ought to stop, and we ought not allow a single red sou of ours to be wasted over there any further. What good has been accomplished by it? Not a single thing.

In addition to that recommendation, I want the Members to note that on yesterday the President of the United States also sent an additional recommendation here asking that we should appropriate an additional \$150,000 for the so-called European economic conference. There then will be a continuation of this extensive propaganda for cancellation of foreign debts. We would be involved in that project. We ought to sit down on that so hard that they will never raise that question again in this country. And we ought not to appropriate these two \$150,000 items for the President.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BLANTON. I yield to the distinguished gentleman from Potsdam—

Mr. SNELL. Well, it is not necessary to add any flourishes.

Mr. BLANTON. I yield to the minority leader with and without flourishes.

Mr. SNELL. That will be perfectly all right.

Mr. BLANTON. Because lately, within the last few short weeks, the gentleman is becoming very active on this floor.

Mr. SNELL. I thank the gentleman for the compliment.

Mr. BLANTON. I yield to the gentleman.

Mr. SNELL. Without any further flourishes?

Mr. BLANTON. Yes. Is the gentleman in favor of that \$450,000 waste?

Mr. SNELL. Has the conference spent any more money than was appropriated up to the present time?

Mr. BLANTON. No. And they must not spend more. And we ought to notify them to come home. They had an arrangement among themselves that they would travel on the big, fine boats, having the finest quarters, if you please, with a full retinue of servants to wait on them. Our committee, headed by its distinguished chairman, sat down on that proposition, and we made them travel on regular liners, which they ought to do in this time of depression.

Mr. SCHAFER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield to the statesman from Milwaukee.

Mr. SCHAFER. The gentleman again repudiates the solemn platform pledge of the Democrats to take part in such a conference.

Mr. BLANTON. I am not repudiating anything in any sense. I want to stop this eternal, wasteful spending.

Mr. SCHAFER. The gentleman has repudiated every one of them.

Mr. BLANTON. I have not repudiated, and I have not been repudiated by my constituents.

Mr. STAFFORD. Mr. Chairman, I rise in opposition to the amendment.

I understood from the vitriolic statement of the gentleman from Texas that he was protesting against recommendation made by the President of the United States in his message of yesterday that \$150,000 be authorized for participation in a conference on international monetary and economic conditions.

In the last Congress, according to the letter of the Secretary of State, we appropriated \$40,000 for participation in an international monetary conference. No conference so far has been called. Since that appropriation was authorized both the leading political parties confirmed in their platforms the policy of holding an international conference on economic and monetary matters. The gentleman

himself voted in this House in the last session in favor of such a proposal.

Mr. BLANTON. When; where?

Mr. STAFFORD. On the tariff bill that provides for the holding of a conference with foreign nations.

Mr. BLANTON. No; the gentleman will not find me voting for it.

Mr. STAFFORD. Oh, the gentleman has been voting so many times and so irascibly that he does not know how he voted.

Mr. BLANTON. The RECORD will show I did not vote for it.

Mr. STAFFORD. The RECORD will show the gentleman voted in favor of the proposal. The President of the United States is seeking to accomplish some order out of confusion by the creation of a great international conference to deal with economic and monetary matters. Everybody who has the slightest information as to these subjects knows it is necessary to have a conference to bring order out of industrial chaos existing everywhere. How better can it be done than by having conferences of the leading nations to discuss this all-important question of monetary and economic conditions affecting the respective nations? I hope the gentleman will wake up sometime to the need of the necessary appropriations for real world revival of industry. This recommendation, I will say to the gentleman, has nothing to do with the Geneva armament conference, nothing at all, as the gentleman stated in his remarks.

Mr. BLANTON. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. BLANTON. I am one of those who regrets exceedingly that the distinguished gentleman is not going to be with us next session. I think he is one of the most valuable men in the House—

Mr. STAFFORD. Mr. Chairman, I do not yield further.

Mr. BLANTON. But I would rather some one who is going to serve with me in the coming Congress would make the criticism.

[Here the gavel fell.]

The CHAIRMAN. The question occurs on the amendment offered by the gentleman from Texas.

Mr. BLANTON. Mr. Chairman, my amendment was a pro forma amendment. I ask unanimous consent to withdraw it.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

Mr. SCHAFER. Mr. Chairman, I object.

Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The question occurs on the amendment offered by the gentleman from Texas.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. Ten minutes has been used in discussion of the amendment. All time has expired on the amendment.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. An amendment is pending offered by the gentleman from Texas. The question occurs on that amendment.

Mr. SCHAFER. Mr. Chairman, I move to strike out the last word of the pending amendment.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. SCHAFER. Mr. Chairman, the Democratic leader, the distinguished gentleman from Texas, a few minutes ago again repudiated solemn declarations contained in the Democratic platform. I wish to reiterate that the CONGRESSIONAL RECORD will show, as my colleague the gentleman from Wisconsin has indicated, that the gentleman from Texas rose in his place and voted for the Democratic tariff bill in the last session of Congress, which provided for an international conference along the lines of the well-known Democratic conference policy with representatives of foreign governments which allows the American country and the American people to be crucified.



We find in the 1932 platform of the Democratic Party, which again denounces the Hawley-Smoot tariff bill and tariff protection, that the Democrats are pledged to consider tariff questions in conference with the representatives of foreign nations. Taking into consideration the buck passing to America at those Democratic conferences with foreign nations, such as were entered into under and resulted from the treaty of Versailles and the international policy of the last Democratic administration, I can imagine that we will come out on the short end of the deal if that policy is to continue under the new Democratic administration.

Mr. PARKER of Georgia. Mr. Chairman, a point of order. The CHAIRMAN. The gentleman will state it.

Mr. PARKER of Georgia. The gentleman is not speaking to his amendment.

Mr. SCHAFER. I am, Mr. Chairman.

The CHAIRMAN. The last word of the amendment is "work."

Mr. BLANTON. I hope my friend will let him proceed.

Mr. BLACK. Mr. Chairman, the gentleman is not qualified to speak on the last word.

Mr. SCHAFER. I am discussing the last word, "work," to wit, the work of the Democratic leader, the gentleman from Texas [Mr. BLANTON], in repudiating the 1932 Democratic platform.

Mr. Chairman, when we study the foreign policy of the last Democratic administration and its meddling and conferences with foreign governments, which have repudiated their honest obligations and are causing the extra tax burdens which they should pay to be assumed by the American people, I sometimes wonder if it is not for the best interest of America to discontinue cooperating with those foreign nations. However, in view of the fact that after March 4, the miracle man from the State of New York, President-elect Roosevelt, who is pledged to continue the international policy of foreign nations first and America second, as practiced under the last Democratic administration, is to take office, and in view of the fact that he takes office with a Democratic Senate and a Democratic House, I shall support the appropriation and thereby again assist in keeping a solemn pledge of the Democratic Party which has been repudiated by the distinguished leader of that party, the gentleman from Texas [Mr. BLANTON]. [Laughter.]

Mr. BLANTON. Will the gentleman yield?

Mr. SCHAFER. I yield to the gentleman.

Mr. BLANTON. Is the gentleman in favor of spending \$150,000 for a European conference where all the European debtors to this country will vote to cancel their debts owing to this country?

Mr. SCHAFER. No; I am not personally in favor of that, but the Democrats went before the people with their international policy of foreign nations and foreign peoples first and promised to carry out the foreign policy of the last Democratic administration. The people spoke and you have as President the miracle man from New York, you have the House, you have the Senate. I will assist in giving the Democratic Party rope enough to hang itself.

Mr. BLANTON. And we have the people with us, too.

Mr. SCHAFER. I am not going to let it be stated that a Republican, particularly a lame-duck Republican, lent assistance to help thwart the day of performance by the miracle man, Mr. Roosevelt, from arriving. [Applause.]

Mr. BLACK. Mr. Chairman, I rise in opposition to the amendment offered by the gentleman from Wisconsin.

Mr. Chairman, I think it is about time some one got up in this House to defend the last word. [Laughter.] I have been in this House for 10 years, and I have heard gentlemen move to strike out the last word, which is probably the most futile motion that could be made. Suppose you do strike out the last word, another last word will crowd right in on you, and you can keep on ad infinitum, like the gentleman from Wisconsin—never through. [Laughter.]

The last word has about as many lives as all the cats in the world. In the New York State Legislature at one time a situation arose somewhat like the motion to strike out the last word. We had a disastrous train wreck in New York,

and some bright legislator there thought that the best way to stop train wrecks was to prevent rear-end collisions. So he put a bill in the New York State Legislature to take the last car off of trains. [Laughter.]

I hope that this distinctly antifeminist movement of motions to strike out the last word will stop in this House, and, particularly, I do not like to see my great friend from Wisconsin always engaged in this strictly antifeminist movement of striking out the last word.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. BLACK. I yield.

Mr. BANKHEAD. If the gentleman is seriously desirous of carrying out that proposition, under the rules of the House the gentleman can stop it by requiring those who are discussing this famous word to stick to the text.

Mr. BLACK. Of course, I believe in observing the parliamentary rules of the House, but when we get a gentleman like the gentleman from Wisconsin to make Republican speeches, I am willing to let him move to strike out as many last words and to offer as many amendments as he wants to, because every time he talks we Democrats gain a million votes. [Laughter.]

Mr. CHINDBLOM. Will the gentleman yield?

Mr. BLACK. Certainly.

Mr. CHINDBLOM. The gentleman rose in opposition to a motion to strike out the last word. Will the gentleman tell us why he is opposed to striking out the last word?

Mr. BLACK. Because the last word in this case happens to be "work." [Laughter and applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin to the amendment offered by the gentleman from Texas.

The amendment to the amendment was rejected.

The CHAIRMAN. The question recurs on the amendment offered by the gentleman from Texas.

The amendment was rejected.

Mr. CROWTHER. Mr. Chairman, I ask unanimous consent to proceed for one minute out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CROWTHER. Mr. Chairman, it is with a deep sense of sorrow that I announce the death of a former Representative of the thirtieth congressional district of New York, the Hon. Cyrus Durey, of Pine Lake, N. Y. He served in the Sixtieth and Sixty-first Congresses from March 4, 1907, to March 3, 1911. His immediate family and the State of New York have lost a devoted friend and a leader whose loss is well nigh irreparable. His especial attributes were courage, fortitude, and fidelity. He has passed from this vale of tears to the shadowland of immortality.

The Clerk read as follows:

#### OFFICE OF PUBLIC BUILDINGS AND PUBLIC PARKS OF THE NATIONAL CAPITAL

Salaries: For an additional amount for personal services in the District of Columbia and elsewhere, including the same objects specified under this head in the independent offices appropriation act for the fiscal year 1933, \$21,900.

Mr. COCHRAN of Missouri. Mr. Chairman, I move to strike out the figures "\$21,900" for the purpose of asking the chairman of the committee a question. I would like to know if any part of this \$21,900 is to be used to continue the work of raising the terrace in front of the Agricultural Department? The reason I ask the question is that on the recommendation of the Park and Planning Commission Congress appropriated \$100,000—it was really a commitment to appropriate a million and a half dollars—to raise the terrace in front of the Department of Agriculture Building.

As I understand it, they did not consult the engineers, and at a later date, to their surprise, the engineers discovered that if they put any more earth on the foundation of the Washington Monument there was extreme danger that the foundation would tumble. The engineers had recommended very strongly against the raising of that terrace. The \$100,000 has been spent and wasted if this be true, as they can

not possibly proceed unless they take down the Monument and strengthen the foundation. This would cost \$2,000,000.

Now, here is how the Monument is brought into the picture. The plan was after the Department of Agriculture's terrace had been raised to likewise raise the terrace around the Monument and east of Twelfth Street, intending to place both Fourteenth Street and Twelfth Street underground. You might place Twelfth Street underground, but you never will place Fourteenth Street underground for the reason, as stated, it will endanger the foundation of the Monument to place additional weight thereon. The foundation extends for many feet out from the base of the Monument. It is none too secure now.

I thought that if there is any of this money going to be used to raise the terrace it might be a good idea to strike it out.

Mr. BYRNS. Mr. Chairman, this appropriation is made to enable the engineers to take care of the Hurley-Wright Building and also the building at Eighteenth and E Streets. It was not contemplated at the beginning of the fiscal year that these particular buildings would be occupied. They have been occupied by some new activity and it was found necessary to make this appropriation.

Mr. COCHRAN of Missouri. I hope that when the subcommittee on the independent offices appropriation bill holds hearings the members will go into this matter; this extravagant waste of \$100,000 in raising the terrace when they are not going to be able to complete the project. They should have learned in advance if the project was feasible. If the engineers are called in, they will explain the situation.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Emergency relief of residents, District of Columbia: For the purpose of affording relief to residents of the District of Columbia who are unemployed or otherwise in distress because of the existing emergency, to be expended by the Board of Public Welfare of the District of Columbia, by loan, employment, and/or direct relief, under rules and regulations to be prescribed by the Board of Commissioners, and without regard to the provisions of any other law, payable from the revenues of the District of Columbia, fiscal year 1933, \$625,000: *Provided*, That not to exceed \$50,000 of this appropriation shall be available for administrative expenses, including necessary personal services.

Mr. LANKFORD of Virginia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 4, line 13, strike out the figures "\$50,000" and insert "\$10,000."

Mr. LANKFORD of Virginia. Mr. Chairman, I am not asking to cut off any of the amount of the appropriation, but it does seem to me that this amount of \$50,000 as expenses for administering the expenditure of \$625,000 is very excessive. That is practically 10 per cent, what a lawyer charges for collecting money.

Now, this is for relief of the distressed, not for the relief of the professional philanthropist. I had an experience the other day with one of these philanthropists. There was an old woman about 70 years old who came here to visit her son. She became ill and needed hospital treatment, which her son was unable to provide. After going through the several departments I ran into one of these philanthropists, a woman in the bureau of placements, and all she offered was the suggestion that the woman had no business leaving home, no business to visit her son, and that she better get on the train and go home. If this is the kind of consideration the distressed are going to get through a Member of Congress, I can imagine what the individual gets. It seemed to me that \$10,000 is an ample amount to distribute \$625,000. My amendment does not take a cent off the principal but reduces the sum that goes into the hands of the professional workers. This fund is for distress relief, not for salaries, and should be spent for that purpose.

Mr. BYRNS. Mr. Chairman, I will say to the gentleman from Virginia that the committee recommended \$50,000 at the request of the commissioner of public welfare and a long list of distinguished and prominent citizens of the District of Columbia who appeared in behalf of these appropriations and also at the instance of the Bureau of the

Budget which figured on \$100,000 on the basis of \$1,250,000 appropriation. Let me say that when this proposal was first submitted I had the same impression under which the gentleman from Virginia labors.

That is, that it seemed to be a very large overhead for the administration of this amount of money, but may I call my friend's attention to the fact that it simply says that the money shall not exceed this amount. But an explanation was made which to my mind was fully conclusive on the subject. They called the attention of the committee to the fact that in the distribution of a fund like this they had to be exceedingly careful to prevent frauds being perpetrated in the procurement of the money, that strangers made application and probably in a day or two would come back under another name and make application and, therefore, that it was necessary to keep a corps of investigators to make a personal investigation of those who applied for this fund before anything was done. In addition to that, people would come in and say "I have so many children, I need so much money for this purpose," or "I am living down here or up some alley and I have no coal or groceries," or something to that effect. The Board of Public Welfare of course, adopts the policy of sending some man or woman there who makes a personal investigation as to whether or not the facts stated are true, and then it comes to a conclusion as to how much is needed. The gentleman can understand under these circumstances that we might waste this fund if we did not appropriate enough money or rather authorize the expenditure of enough money to make a proper investigation to prevent fraud.

Mr. LANKFORD of Virginia. Does the gentleman realize that this \$50,000 would employ 20 people at \$2,500 each per year?

Mr. BYRNS. No.

Mr. LANKFORD of Virginia. It does seem to me that this is an exceedingly large amount. Does the gentleman know what salaries these people get?

Mr. BYRNS. They have one executive, and there are about 6,000 families who get relief under this provision. Every one of those 6,000 families has to be investigated. Every person who applies has to be investigated, and the gentleman can see that they are a pretty busy lot of people down there.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. TABER. I think we might be able to get along with less than 10 per cent of the total distribution for overhead.

Mr. LANKFORD of Virginia. It seems so to me.

Mr. TABER. It seems as though we ought to cut that down. Perhaps the gentleman from Virginia has gone too far. Why not make it \$25,000 and see if we can not get a little more for direct relief. It seems to me that \$50,000 is a pretty large sum. I move to amend the amendment by striking out "\$50,000" and inserting "\$25,000."

The CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. TABER to the amendment offered by Mr. LANKFORD of Virginia: Page 4, line 13, strike out "\$50,000" and insert in lieu thereof "\$25,000."

Mr. BYRNS. Mr. Chairman, this work is done as cheaply as possible. I would like to see every dollar go to the relief of somebody, but I think we are liable to let our judgment run away with us if we undertake to limit the people down there in the investigations they make. These funds come wholly out of the revenues of the District of Columbia. They do not come out of the Treasury of the United States. Representatives of the District appeared before us. The commissioner of public welfare appeared before us. Mr. Newbold Noyes, of the Evening Star, appeared before us, and Mr. Delano and a number of other very distinguished gentlemen and citizens of the District. They all insisted that this sum was necessary in order to enable them to make the investigations necessary to be made to prevent fraud being committed. They do not know whether they will use all of this money or not. I assume from the high character of



those men and women who appeared that they will not use one dollar that is not absolutely necessary; but I do think it would be a very serious mistake if we should appropriate this great sum of money for the next six months and fail to allow a sufficient sum to enable those administering it to make an investigation so that no fraud may be perpetrated by any of those who now are coming daily to apply for funds.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. ALLGOOD. Is this fund distributed through the community chest?

Mr. BYRNS. No. This has nothing to do with the community chest. A year ago they appeared before the committee, and Congress reduced their appropriation from \$600,000 to \$350,000. They did not have enough money to get through, and the community chest donated out of its charity fund \$100,000 to supplement the \$350,000 appropriated for the District. This has no relation to the community chest but will be administered by the commissioner of public welfare or, rather, by the Board of Public Welfare, which is an official agency in the District of Columbia.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. STAFFORD. I notice on page 47 of the hearings a breakdown as to the administrative expenses for this service. The pay roll for the month as of August 1, 1932, amounted to \$2,488.32. I am not rising in criticism of the salaries paid. I am sympathetic with the purpose of having supervising official inspect the way that these funds are used. I know of my own personal knowledge, in the city of Detroit, out of \$20,000,000 used for relief last year, there were persons getting money from the fund there who were receiving 65 cents an hour under permanent employment. I know the need of having some supervision, but if, as shown by the breakdown on page 47 of the hearings, the pay roll is \$2,488 for one month, why should we do violence by cutting down the appropriation to \$25,000?

Mr. BYRNS. If the gentleman will turn to pages 48 and 49, he will get a picture of the 1933 organization, which shows a pay roll for 12 months of \$91,519, and other expenses, which includes fuel, light, telephone, ice, and so forth, \$11,616, or a total of \$103,136.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. STAFFORD. Mr. Chairman, I ask unanimous consent that the gentleman's time may be extended three minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. STAFFORD. The gentleman will notice that in that itemization there are included expenses for furniture and equipment, \$3,400; stationery and supplies, \$3,500, and the like. The appropriation of \$50,000 is predicated on the idea that \$625,000 will be appropriated in the District appropriation bill, I suppose?

Mr. BYRNS. No. That is a matter for the regular bill. This is not predicated upon the idea that the regular bill will carry that sum. Personally I think it ought to carry it.

Mr. STAFFORD. I gleaned the idea from reading the report of the committee that this is merely the amount necessary for a six months' period, leaving it for the District of Columbia Subcommittee on Appropriations to appropriate some sum to match that amount. So that I think this amount of \$50,000 could be scaled somewhat without doing violence to the work.

Mr. TABER. Mr. Chairman, I rise in support of my substitute amendment.

An appropriation was made to take care of distress in the District of Columbia in the regular appropriation bill which was passed for the fiscal year 1933. That appropriation, in so far as it relates to the actual relief of distress, is exhausted, but there is still provided for, as I understand, the

operating expenses of the welfare or charity department of the District of Columbia. Now, by this bill we are providing for \$625,000 additional funds to take care of the relief of distressed. It is absolutely a ridiculous thing that it costs so much money to administer the relief of distress. It is provided here that they can go to \$50,000, which is practically 10 per cent of the total allotment. The gentleman from Virginia [Mr. LANKFORD] proposed that it be reduced from \$50,000 to \$10,000, and I offered an amendment to the gentleman's amendment making it \$25,000, so that there could be, within all reason, no necessity for going further. I do not want to prevent the proper administration of this fund, but it stands to reason that with the funds left to take care of the regular operation of the welfare department they ought to be able to do most of the work with that, and they ought not dip into this particular fund more than \$25,000 to administer it. We must get relief, regardless of whether it is for the District of Columbia or anywhere else, on a basis where it is not costing so much to administer.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, we have heard a great deal about economy during the last session and the present session of this Congress, but those who are really interested in economy can not do anything else except support this \$50,000 allowance.

I have been complaining about too much economy, because I believe some people in the country have gone economy mad, but those who are sincerely for economy, to my mind, can not do anything except support this \$50,000, for the reason that these investigators in the welfare department, whether in Washington or your home cities or towns, are those who are the real economists of the country. They are the ones who go into the homes and find out whether a man has an automobile or whether he is working part-time during the week or whether he has been working full time or whether he is not working at all. They are the ones who save the money right from the start. None of us wants anyone who is in need to be deprived of sustenance or deprived of aid, but at the same time we want the thing to be run right. We want the investigators to be able to go to the homes and find out whether the people are justly receiving aid, or whether they are trying to put something over on the welfare department.

These funds come out of the District of Columbia and not out of the Treasury of the United States. The chairman of the Committee on Appropriations stated that this welfare board came and asked for a reduction of their appropriation when they thought they could reduce it. Now, when they are in greater need of the appropriation is the time to watch and see that the appropriations are paid out in the proper manner to people who deserve them, and that the underserving will be taken off the welfare pay roll and the money will go to those who are entitled to have it.

Mr. HOLADAY. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. HOLADAY. If the gentleman will permit in his time, I would like to state that last year when this appropriation was made a 10 per cent limit was put on for personal service, because this was an entirely new work being undertaken by the Department of Public Welfare. When they came in this year they showed to the committee they were using slightly less than 8 per cent. So this was fixed at \$50,000 in order to permit them to go ahead with the present organization. Personally, I feel that about 8 per cent, which this represents as being used for personal service, guarantees a wise and economical expenditure of the \$625,000.

Mr. CONNERY. I agree with the distinguished gentleman. I believe this is an economical expenditure of the funds of the Welfare Board of the District of Columbia and that we are guarding against the goldbricker who is not entitled to get that money. The only way we can do it is by means of investigators, and their work should be encouraged and provided for as in this appropriation.

Mr. LANKFORD of Virginia. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. LANKFORD of Virginia. Has the gentleman any idea how many investigators there are and what their salaries are?

Mr. LAGUARDIA. I can inform the gentleman. There are 41.

Mr. LANKFORD of Virginia. And what are their salaries?

Mr. LAGUARDIA. One draws \$166 a month; 2 get \$145 a month; 6 get \$135 a month; 10 get \$110 a month, and 12 get \$75 a month.

Mr. CONNERY. Another thing: Disregarding for the time being that these investigators are making a clean-up of the quacks who should not be on the pay roll, you are also taking care of people who will not ask for aid, and unless some one's attention is called to it people will actually go hungry without going to the welfare board. If the investigators find those people they are given food and clothing.

Mr. LANKFORD of Virginia. But the number of employees indicated here would not take anything like \$50,000.

Mr. LAGUARDIA. Yes; this statement here is right.

Mr. Chairman, I ask for recognition in opposition to the amendment. I am sure if the committee will only reflect a moment and consider the purposes of this fund it will realize the necessity of a proper, intelligent, and honest administration.

I am sure that the percentage overhead pointed out by the gentleman from Illinois, of 8 per cent and less, compares very favorably with similar work in cities comparable in size to Washington, D. C.

Now, Mr. Chairman, the purpose of this fund is relief, and when relief is needed it is needed promptly. Unless there are proper and sufficient supervisory officials and trained investigators, what will happen? Applicants will come in for relief and money will be handed out indiscriminately. Anyone can hand out money; that is not difficult. The purpose is to weed out the meritorious cases and the cases mostly in need and to clear these cases in order to avoid duplication. Very often it is found—and I am speaking from my experience in New York City—that unless there is a proper clearing of cases some families receive duplicate relief and other families remain absolutely without any care. Beside direct temporary relief, an important part of this work is permanent rehabilitation and readjustment of the family. Many family problems are to be considered and assisted.

A careful analysis of the working force here will indicate that for a city of the population of Washington, D. C., and the peculiar conditions existing here the force is not overmanned at all. Unless there is some supervision, unless there is investigation, there will be abuses, on the one hand, as pointed out by the gentleman from Massachusetts [Mr. CONNERY], and, on the other hand, needy families waiting to have their cases investigated and remaining without needed aid. Now, it seems to me that the family-adjustment work of this department is also very important. Very often it is the adjustment which puts the family again on an existing basis rather than the direct relief.

I want to submit, Mr. Chairman, that if we are going to cut down the administrative force, and it is down as low as in any city I know of, it will result in abuse and misapplication of these funds. When I say misapplication, I mean indiscriminate parceling out of the funds as long as they last regardless of the need or merit of the applicant. The very purpose of the appropriation would be destroyed.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. CONNERY. The gentleman also knows these investigators check up after aid has been given people, from week to week and from month to month, and when the people are again at work and do not need the relief any more the relief is stopped.

Mr. LAGUARDIA. That is the very purpose of this force.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. LAGUARDIA. I yield.

Mr. TABER. According to the hearings, on page 44, there is now, outside of the emergency-relief proposition involving something like 70 employees, another 69 employees, which means a total of 130 people to administer \$625,000 during a period of six months.

Mr. LAGUARDIA. No; just one moment, right there. I am not referring to your out-nursing, and that, of course, is personal service. Naturally there is nursing, playground work, and all sorts of social-service work in addition to purely administrative work. Surely that can not be included in administrative expenses.

Mr. TABER. There are no nurses on this list.

Mr. HOLADAY. Mr. Chairman, if the gentleman will yield, the work performed under this appropriation to the extent of \$350,000 appropriated last year is something entirely new, never carried on at all; it is a new proposition entirely. Therefore, they went out and made a new organization. You had the same thing here last year. They put in the 10 per cent limitation.

Mr. LAGUARDIA. I think it is very low.

Mr. HOLADAY. And when they came in this year the Director of Public Welfare indicated that he had his organization functioning at about 8 per cent. Therefore it was placed at \$50,000 to permit the organization to go ahead as it is now functioning.

[Here the gavel fell.]

The CHAIRMAN. The question occurs on the substitute amendment offered by the gentleman from New York.

The substitute amendment was rejected.

The CHAIRMAN. The question occurs on the amendment offered by the gentleman from Virginia.

The amendment was rejected.

Mr. ALLGOOD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ALLGOOD: Page 4, line 1, strike out the section.

Mr. ALLGOOD. Mr. Chairman, I, of course, am in favor of charity and am in favor of taking care of the distressed, but it seems to me that there is an injustice in this appropriation. Here is \$625,000 being asked by the District of Columbia for its Welfare Department. There are nine charity departments that are taking care of the distressed in the District of Columbia. The community chest has raised the sum of \$1,800,000 for taking care of the distressed. Then besides this there are eight other charitable departments and you can see that there is bound to be some overriding of authority with some duplication in relief.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. ALLGOOD. I yield.

Mr. DYER. Does the gentleman know just what the community chest uses its funds for and how much of that fund is used for administrative purposes?

Mr. ALLGOOD. No; I do not; but the hearings reveal that two of the workers of the community chest receive salaries of \$5,000 each out of the funds that are raised for the community chest; and it was stated that \$100,000 had been transferred from the community chest to this welfare fund last year.

Now, here is the point I am driving at: You are asking Congress for a dole, for a direct appropriation of \$625,000 to be given to the District of Columbia. You are not asking for it for the people back home. The people in the counties, towns, cities, and States of the Nation are required by this Congress to get their relief from the Reconstruction Finance Corporation and Congress requires them to pay it back to the Reconstruction Finance Corporation. But this appropriation of \$625,000 is not a loan but a gift. It does come from the taxes raised from the people of the District of Columbia, but Congress comes along and appropriates \$7,500,000 to the District of Columbia directly out of the Federal Treasury. If we did not have to meet this gift of \$625,000 to charity, we could cut the appropriation down to



\$7,000,000 from the Federal Treasury for the District of Columbia.

Mr. CONNERY. Will the gentleman yield?

Mr. ALLGOOD. I yield.

Mr. CONNERY. This \$625,000 comes out of the revenue of the District of Columbia.

Mr. ALLGOOD. I understand it comes out of their own revenue, but we appropriate \$7,500,000 out of the Treasury for the District of Columbia, and if it were not for this appropriation of \$625,000 we could cut that appropriation down to \$7,000,000; so, after all, the Federal Treasury pays it. They are not appropriating any money for charity down in my State or in the gentleman's State out of the Federal Treasury. We are having to borrow from the Reconstruction Finance Corporation. I called the Red Cross this morning and they told me they were taking care of the families of soldiers in the District of Columbia and that none of these families were having to suffer, because they were taking care of them. Of course, it is not coming directly out of the Treasury, but it is coming out of the Treasury through a circuitous route, and the people are paying for it out of their taxes and then Congress is reimbursing the District with a direct appropriation out of the Treasury. If you are going to appropriate \$625,000 for the District of Columbia, why not come along and take care of the people throughout the Nation who are in distress?

Mr. PATTERSON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I want to say that I am astounded that any Member of this House would rise to strike out this entire item which is asked as charity for the suffering and the unemployed people of the District of Columbia.

As the chairman has pointed out, not one dollar of this money comes out of the Federal Treasury. It all comes out of funds of the District of Columbia. In other words, a person who undertakes to keep this money away from the District of Columbia to take care of the situation would take the position of preventing the city council of my city or the legislature of my State from taking care of the poor and needy of my State or of my city. And I am glad that I can say that this is not the sentiment of my home city which is appropriating large sums to care for unemployed and their needy families. Further, there is no way for these people to get money unless the Congress appropriates it in this way.

Mr. BURTNESSE. Will the gentleman yield for a question?

Mr. PATTERSON. I yield.

Mr. BURTNESSE. I was just going to ask the gentleman whether the public authorities in his State, whether it be the counties or the cities or the State itself, raise money for the relief of the poor within their own communities.

Mr. PATTERSON. They have to raise the money in that way. My county is having to raise money now for this purpose.

Mr. BURTNESSE. And is it not true that unless the money is raised by public taxation they have to pass the hat in order to have the matter taken care of?

Mr. PATTERSON. Absolutely.

Mr. BURTNESSE. And that is true of the District of Columbia as well as of many other communities.

Mr. PATTERSON. Yes.

Mr. SCHAFER. Will the gentleman yield?

Mr. PATTERSON. I yield.

Mr. SCHAFER. The gentleman has rendered a great service to the State of Alabama by taking the floor against the pending amendment and sending word to the country that the people of Alabama do not want the needy to suffer or to die of starvation.

Mr. PATTERSON. I thank the gentleman from Wisconsin, who is always active for relief of those who are in need, for his comment, and I want to say further that some of these people who are being fed here in the District are from my State, as well as other States of this country, and I repeat that there is no way to provide one dollar of relief except by making this appropriation. The situation here

is not like it is in my city or State where the legislature or city council may act. There is no way for these people to get one dollar or one dime unless it comes by reason of action by this Congress, and I am surprised that any Member of this House would try to make a record to carry back to his district by proposing to strike out such a provision and try to keep the people of the District of Columbia, out of their own funds, from feeding the starving and poor people of their community. My heart goes out to the needy of every section, including the District, but I shall not oppose this worthy appropriation because I can not get a bill passed to take care of the needy by providing work and other ways to care for those whose hearts go out to us to-day. If I have got to try to make a record in this way to come to Congress, I am ready to be defeated now. I hope the amendment does not get a single vote. [Applause.]

Mr. LA GUARDIA. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I did not intend to prolong this discussion, but unfortunately this appropriation was referred to by the gentleman from Alabama [Mr. ALLGOOD] as charity. I think this is a most unfortunate use of the word, because it is not charity. This is the point I want to leave in connection with this discussion. It is the duty of the community to care for its unfortunate citizens in a time of financial crisis who, through no fault of their own, become destitute. The highest function of government is the preservation of life.

Mr. ALLGOOD. Will the gentleman yield?

Mr. LA GUARDIA. In just a moment I will yield.

Then there is this confusion between the functions of the so-called community chest and the appropriations made by Congress as the municipal government of the District of Columbia. The community chest is a permanent fund raised by voluntary contributions for the purpose of maintaining permanent establishments doing social, welfare, and educational work, and when the community is confronted with a depression or a situation such as we are in now, it becomes the duty of the government, whether National, State, or county, to step in and prevent American citizens from starving to death. That is the welfare work—that is the appropriation we are now discussing. It has nothing to do with the community chest.

Mr. ALLGOOD. Will the gentleman now yield?

Mr. LA GUARDIA. Certainly.

Mr. ALLGOOD. I agree with the gentleman absolutely.

Mr. LA GUARDIA. I thank the gentleman.

Mr. ALLGOOD. But are you going to make pig out of one and puppy out of the other? The gentleman from Alabama [Mr. HUDDLESTON] when Congress convened last year brought in a resolution asking for \$50,000,000 for charity—

Mr. LA GUARDIA. Do not use the word "charity," please.

Mr. ALLGOOD. Well, to aid the poor of this country.

Mr. LA GUARDIA. For relief.

Mr. ALLGOOD. Did we get it?

Mr. LA GUARDIA. No. I was in favor of it and still am.

Mr. ALLGOOD. No; we did not get it.

Mr. LA GUARDIA. But we are not out of this depression, unfortunately, yet.

Mr. ALLGOOD. Now you come here and give to the people of the District of Columbia \$625,000 when you give the people back home nothing. You are spending in the District of Columbia \$330,000,000 for buildings as against \$342,000,000 throughout all the States, and the biggest pay rolls in the country are here in this city. One hundred and fifty-two million dollars is spent by the Government in pay rolls for employees here in the District of Columbia.

Mr. LA GUARDIA. Now that the gentleman has got that all out of his system, I hope he feels better; but let me say that in this instance we are acting as a board of aldermen or as a city council, or anything you may care to call it, for the city of Washington, and the word "charity" is improper to be used in connection with funds of this kind which are to afford necessary relief for a large portion of our population, the innocent victims of a financial collapse.

Now, I agree that we should have stepped in long before this and adequately provided relief for the preservation of

life just as we do in time of war when we appropriate for the destruction of life. We should now, in the midst of this economic war, provide relief, especially for little children who are now getting improper and insufficient nourishment and who will pay for it in the next generation. We should provide in order to prevent families from being disrupted. That is the highest function of government, and we ought to stand up and not begrudge an appropriation to provide enough for destitute families in the Capital of the greatest Nation in the world. [Applause.]

Mr. BLANTON. Mr. Chairman, I offer the following amendment: In line 13, page 4, strike out "\$50,000" and insert "\$10,000."

Mr. GOSS. A point of order, Mr. Chairman. That amendment has been voted upon already.

Mr. BLANTON. Then I make it \$20,000.

The Clerk read as follows:

Page 4, line 13, strike out "\$50,000" and insert "\$20,000."

Mr. BLANTON. Mr. Chairman, the ridiculous feature about this provision is the overhead expense of \$50,000 that is allowed for administering this fund.

My friend sitting in front of me knows when we held a hearing on this matter last year it developed that the community chest had laid an assessment on all Government workers for this welfare work. They then raised over \$2,000,000 for relief in the District of Columbia.

We brought some of their officials before us and we wanted to know something about the overhead, about the salaries they were drawing. It developed that some of these welfare workers were drawing salaries of \$5,000 each per annum.

The committee asked them for a breakdown of their overhead showing all salaries paid, and they said it was none of the business of Congress. They would not furnish Congress with a breakdown of the salaries that they were paying.

We already have an organization for administering such relief funds. Why should we spend an additional \$50,000 for the administration of this additional fund? It is ridiculous.

Mr. TABER. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. TABER. If the gentleman will turn to page 47 of the hearings, he will find the amount they spent for distribution in six months. Does not the gentleman think they ought to have one employee for disbursing every dollar?

Mr. BLANTON. The gentleman has the right slant on it, and if he had been on the subcommittee last year when the hearings were held, he would see how much money is wasted on overhead.

Mr. TABER. I am in favor of the gentleman's amendment; but the way the discussion has taken place here, one would think they needed one employee to look after the disbursement of every dollar.

Mr. BLANTON. I think we should cut it down from \$50,000 to \$5,000, and the fund would be better administered.

Mr. DYER. Why not let the District Commissioners disburse it?

Mr. BLANTON. We have at present officers who are now engaged in that work. They could distribute it without additional overhead.

Mr. BYRNS. Mr. Chairman, I think we have consumed enough time on this paragraph. Everybody understands it. I ask unanimous consent that all debate upon this paragraph and all amendments thereto do now close.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas [Mr. BLANTON].

The amendment was rejected.

The CHAIRMAN. The question now recurs on the amendment offered by the gentleman from Alabama [Mr. ALLGOOD].

Mr. ALLGOOD. Mr. Chairman, I ask unanimous consent to withdraw the amendment. I simply introduced the amendment to bring forth the disparity that exists between

legislation in behalf of the District and legislation in behalf of the people back home.

The CHAIRMAN. Is there objection?

Mr. SCHAFER. I object.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The question was taken; and on a division there were—ayes 1, noes 41.

So the amendment was rejected.

The Clerk read as follows:

Salaries and expenses (fighting and preventing forest fires): For an additional amount for fighting and preventing forest fires, fiscal year 1933, including the same objects specified under this head in the agricultural appropriation act for the year 1933, \$1,000,000.

Mr. DOWELL. Mr. Chairman, I move to strike out the last word for the purpose of making an inquiry of the chairman of the committee. This has the appearance of an additional appropriation for this purpose. What is the special reason for this additional million dollars?

Mr. BYRNS. This is money that has already been expended to take care of about 8,000 fires that occurred last fall in the various forest reservations and national parks.

Mr. DOWELL. The money has already been expended?

Mr. BYRNS. Yes. The gentleman understands, of course, that there is always a nominal sum appropriated for the purpose of fighting forest fires, for the reason that no one knows whether any will occur, or, if they do occur, how much will be needed. It so happened that we had about 8,000 fires last fall. They expended about \$883,000, and this will leave them \$118,000 to carry on to July 1, and also to take care of what they used out of other funds.

Mr. DOWELL. Mr. Chairman, I withdraw the pro forma amendment.

The Clerk read as follows:

Detection and prosecution of crimes: The amount which may be expended for personal services in the District of Columbia from the appropriation "Detection and prosecution of crimes, 1933," is hereby increased from \$477,356 to \$523,851.

Mr. DOWELL. Mr. Chairman, I move to strike out the paragraph. This is a transfer as I understand it from the field service to the District of Columbia. Is that correct?

Mr. OLIVER of Alabama. Yes.

Mr. DOWELL. It seems to me it is merely an additional appropriation for work in the District of Columbia and will be added to the appropriation and taken from the field service.

Mr. OLIVER of Alabama. It does not increase the appropriation.

Mr. DOWELL. That may be, but we are increasing the force in the District of Columbia and there will be a continuing increase in the appropriation.

Mr. OLIVER of Alabama. It will not work an increase in appropriations, as will be shown in the bill which the committee expects soon to report for 1934. The work of the fingerprint division has been very much extended and the bureau is entering a wider field of work, much to the efficiency of the service. On that account it was found necessary to provide a large sum to be expended in the District of Columbia where the work is now centralized.

Mr. DOWELL. In answer to the gentleman, after reading the testimony of the committee, I find that this decreases the amount in the field, and while this may not continue to increase appropriations in the District of Columbia, that has been the experience on every appropriation that has been made.

Mr. OLIVER of Alabama. I am of the opinion that the fingerprint division requires some increases in the future, as its work grows, and Congress approves what I think the bureau is wisely endeavoring to do.

Mr. DOWELL. What is that?

Mr. OLIVER of Alabama. We are transferring a part of the field appropriation to care for work in the District which the committee feels is important.

Mr. DOWELL. Mr. Chairman, it seems to me that we are continuing to add to the expenditures in the District of



Columbia in every one of these appropriation bills. This appropriation should not be increased for the District of Columbia; they should come within the limits of that appropriation.

Mr. BLANTON. Mr. Chairman, will the gentleman yield? Mr. DOWELL. Yes.

Mr. BLANTON. The officers in the gentleman's home county can send a fingerprint here of some criminal they have caught, and they can have a report back from the office here in Washington that will leave here in 30 minutes after the fingerprint gets here, and in that way they are identifying criminals with national records in every locality in every State in the Union. It is splendid work.

Mr. DOWELL. And they were given the amount that was shown to be necessary in the regular appropriation bill.

Mr. BLANTON. Yes. They are aiding officers in every State.

Mr. DOWELL. It seems to me that we ought not to proceed to add to that appropriation. There has not been anything shown in the testimony that there is any emergency that makes it necessary at present. It is an attempt merely to add to that appropriation, and it will continue in the future if this testimony is correct.

Mr. OLIVER of Alabama. The chairman in charge of the deficiency appropriation for the Department of Justice asked me to be present at the time this hearing was had.

Our subcommittee had gone very fully into this transfer of appropriation and felt that the transfer was justified. I so stated to the subcommittee handling the deficiency bill. I do not think any increase in 1934 will be asked.

Mr. DOWELL. Will there be a corresponding decrease in the other part of the appropriation?

Mr. OLIVER of Alabama. There will be reflected in the field appropriation a larger decrease than is involved in this transfer.

Mr. BYRNS. Will the gentleman yield?

Mr. DOWELL. I yield.

Mr. BYRNS. In addition to what the gentleman from Alabama [Mr. OLIVER] has said it was stated by the Director of the Bureau of Special Investigations that they are receiving about 2,000 fingerprints a day. The gentleman, of course, realizes that unless they are in a position to promptly dispose of those fingerprints and give information back to the gentleman's town or other section of the country, the information is worthless because if this information is not furnished promptly some criminal may be permitted to escape. The statement was made that unless this appropriation was carried it would delay the furnishing of this information three or four weeks.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. DYER. Mr. Chairman, I ask unanimous consent that the gentleman have two additional minutes. I want to ask him a question.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. DYER. Will the gentleman yield?

Mr. DOWELL. I yield.

Mr. DYER. If the gentleman will permit, I would like to ask the gentleman from Tennessee [Mr. BYRNS] or the gentleman from Alabama [Mr. OLIVER] a question. One of those gentlemen stated that this bureau is now receiving in the neighborhood of 2,000 fingerprints a day. Do we understand from that that crime is so rampant and is on such a great increase that this is the result of it?

Mr. OLIVER of Alabama. No. It rather reflects the interest that the States are showing in the work of the fingerprint bureau, and they are now cooperating in a splendid way.

Mr. DYER. It is very much of a duplication, because I know my own State maintains its own fingerprint system.

Mr. OLIVER of Alabama. But here we are gathering together the fingerprints of every State in the Union. The gentleman's State does not gather the fingerprints of other States. They only gather fingerprints for criminals in Mis-

souri. We are providing a central agency so that the gentleman's State may have the benefit of fingerprints from every State.

Mr. DYER. I know the system, and I have a very high regard for it and for its efficiency; but I was surprised at the statement made by the gentleman from Tennessee [Mr. BYRNS] that 2,000 fingerprints are coming here every day, when we have been told that if we passed prohibition crime would cease and practically end. Now, it has increased greatly. I would like the gentleman from Texas [Mr. BLANTON] to explain why we have so many crimes nowadays, and we did not have anything to compare with it before prohibition was enacted.

Mr. BLANTON. I will answer that in a few minutes when I am given time.

Mr. OLIVER of Alabama. Will the gentleman yield for a moment?

Mr. DOWELL. I yield.

Mr. OLIVER of Alabama. I was interested in the attitude expressed by the gentleman to keep down appropriations. Every member of our committee is interested in that. The gentleman from Iowa will be interested to know that this is one bureau that is really efficiently administered, and in the fiscal year 1932 there will be a substantial sum turned back into the Treasury at the end of the year.

The CHAIRMAN. The time of the gentleman from Iowa has again expired.

Mr. DOWELL. Mr. Chairman, I ask unanimous consent to proceed for five additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. BYRNS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in eight minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. DOWELL. Mr. Chairman, I yield to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. The members of our committee are in sympathy with the attitude of the gentleman from Iowa as to the necessity of reducing appropriations, and we have not recommended this transfer with any idea of making increased appropriations hereafter. It happens that this bureau has been efficiently administered during the present year, and as a result there will be a substantial return to the Treasury at the end of the year from the appropriations carried for 1933. That is what we had hoped would prove true in many other bureaus.

Mr. DOWELL. Mr. Chairman, notwithstanding the suggestion of the gentleman from Alabama, this is recurring on nearly all of the appropriation bills. At the conclusion of the year they are asking for transfers of expenditures in some department to go somewhere else to increase that department. There has been a great deal of criticism of the number of appropriations being made for the District of Columbia, and this is an additional appropriation for that purpose. I think we have arrived at the time, if we are going to have real economy, where the departments should understand they will not be permitted to increase the appropriation from the regular appropriation given them when it was given at the beginning of the year. I think that should be established, and I believe we ought to establish it by striking out the paragraph at this time and letting the department go along on the amount that has already been appropriated for it.

Mr. CONNERY. Will the gentleman yield?

Mr. DOWELL. I yield.

Mr. CONNERY. The gentleman does not think this is an emergency on crime?

Mr. DOWELL. There has been no showing and no testimony that there has been anything aside from the regular routine business.

Mr. CONNERY. The gentleman from Tennessee said they had increased their force on the fingerprint work.

Mr. DOWELL. They will increase their force to any amount the money is appropriated for. That is exactly what I am trying to argue. Whenever we make an additional appropriation we will have additional employment, and we will have to appropriate for it next year, because it will become a necessity.

I think we ought to stop this right here. It is a clear case of adding an additional amount to an amount which has been heretofore regularly appropriated and the amount the Appropriations Committee found was necessary when it made the appropriation.

Mr. BLANTON. Mr. Chairman, my friend the gentleman from Missouri [Mr. DYER] has asked me a pertinent question. Mr. J. Edgar Hoover and his fingerprint bureau are doing some of the most valuable work that has been done in the Nation. When my good friend from Missouri found there was a gang of automobile thieves operating in his twelfth district of Missouri and elsewhere in the United States, he got his Dyer bill passed here in this Congress providing that whenever they took a stolen automobile across a State line it became a Federal offense. When one of his automobile thieves in his twelfth district brings an automobile from Kansas, Arkansas, or Oklahoma into Missouri, the officers there catch him and fingerprint him, and they send those fingerprints up here to J. Edgar Hoover. He checks them up with his classified list and locates the criminal, and usually he finds that for 15 years the accused has been violating the laws of the United States. For instance, he committed robbery somewhere in Oklahoma 15 years ago; he committed murder somewhere else two or three years later; he escaped from some penitentiary and stole three or four automobiles and went back to the twelfth district of Missouri, and you find a great list of crimes that the bunch of automobile thieves operating in that twelfth district have been guilty of.

Does not my friend from Missouri think it is worth while for the officers of his district to have access to this kind of information? Why, it is valuable information that has been gathered to aid the officers of every State of this Union. This is the information J. Edgar Hoover is furnishing to all States daily.

Mr. DYER. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I yield, but let me say that I voted for my friend's bill. It was a good bill.

Mr. DYER. I want to add my indorsement to the fine work that Mr. J. Edgar Hoover and his bureau are doing, and to say that, next to Herbert Hoover, he is one of the finest public officials we ever had.

Mr. BLANTON. It was not his fault that his name was "Hoover." He is doing a good work, nevertheless, as the head of our secret service, in spite of his name.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa.

The amendment was rejected.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: Strike out the enacting clause of the bill.

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to proceed for an additional five minutes.

Mr. BYRNS. Mr. Chairman, I hope the gentleman will not press his request. I am not going to object, but I am going to say this: We have reached the point where we must confine ourselves to a 5-minute rule. We have been pretty liberal, but we want to get through with this bill, and I do not think the House ought to have to sit here indefinitely. I am not going to object now, but I hope the gentleman will confine himself to five minutes unless he is talking about something pertaining to this particular bill.

The CHAIRMAN. Is the gentleman's request that he may proceed out of order or just to extend the time to 10 minutes?

Mr. McGUGIN. My request, Mr. Chairman, is that I may be allowed an additional five minutes.

Mr. PATTERSON. Mr. Chairman, reserving the right to object, may I ask the gentleman if he is going to address

himself to the subject matter of this bill or to the subject he was discussing yesterday?

Mr. McGUGIN. No; I am not going to touch the subject I talked on yesterday.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. McGUGIN. Mr. Chairman, here is the situation in which we find our country: We ran a deficit for one year and for that I am not going to criticize any Congress. We ran a deficit for two years; for that I am not going to criticize any Congress. We are now running a deficit for a third consecutive year. For this I do criticize a Congress and the Congress which I criticize is this Congress, the first session of the Seventy-second Congress. It refused to economize as much as was possible and proper and refused to provide enough revenue to meet the expenses incurred. Now we are doing the same thing for the fourth consecutive year.

In the appropriation bills which we are passing in this session we are providing for the expenditures for the next fiscal year, and there is no man on this floor but what knows that this Congress will never pass a revenue bill providing sufficient revenue to meet these expenditures, and this means a fourth consecutive year that the Government of the United States is not meeting its obligations as it goes. It means that the current expenses of this Government are going over into the national debt, and when the current expenses go over into the national debt what does that mean? Is that the end of it? No. It means that our children one day must pay the current expenses of the Government during your time and my time; and a generation of people who are so devoid of character that they are willing for four consecutive years to pass the current expenses of government on to their children to pay are as devoid of character as a parent who is willing to die leaving his grocery bills unpaid.

We can not follow this course without breaking alike faith with our forbears and our children. The men and women on this floor have never paid one penny of taxes to help pay the current expenses, in peace time, of government during the days of their fathers. But here we are passing current expenditures on to our children. We are not going to hand our children a government such as our fathers handed to us, and that is not playing the game square. We can not go on following this policy.

Let me say that it is not only morally wrong, but it is economically wrong; and it seems to be written into the scheme of things by the God of Nations that no generation can carry on such a policy of breaking faith with its children without that generation then and there suffering despair such as we are now suffering. I do not care how this Budget is balanced, let us balance it. I am ready to vote for any revenue bill that will bring in sufficient money to meet the expenses of my Government, but that is not what we are doing. There is only one way in which the Budget can be balanced and that is for the President to send his message to Congress demanding the appropriations he wants and the revenue he wants to meet those appropriations. Then such a President must have the power to force his program through Congress.

I do not believe there will ever be a President in the White House who will send to Congress a Budget which he knows is not balanced. Mr. Hoover has sent us a Budget, but the Congress will not accept his revenue recommendations. Why? You can not find anybody who wants to pay taxes, but you will sit here and pass the appropriations because you can find people who want the money out of the Treasury.

Here is the situation. If this Government goes into another year with an unbalanced Budget, that responsibility rests upon the shoulders of this Congress. You will not take Mr. Hoover's program. Let us wait until after the 4th of March. Let Mr. Roosevelt send his Budget to Congress, and I believe the next Congress will take it and provide enough revenue to meet the expenses. I do not be-



lieve Mr. Roosevelt will ever send a Budget to this Congress wherein he asks for more expenditures than he does revenue. This is our only hope to balance the Budget of this country short of June 30, 1934.

I do not believe we can go four consecutive years with an unbalanced Budget. Everyone knows that the Government can not go on indefinitely in this way. How many years this Government can do it, of course, no one knows. It is only problematical, but I do not believe we can continue the way we are going. Mind you, last year we went in debt 57 cents every time we spent a dollar. Fifty-seven cents of every dollar paid to you and me as salary must one day be paid by another generation. This is not playing the game square or right with the future, and my appeal is not to pass the appropriations in this Congress, because we all know this Congress is not going to pass a revenue bill which will meet the appropriations.

Mr. Roosevelt, calling a few leaders up to New York, is not going to give us a revenue bill that will balance the Budget. The only way he can do this is to send a message to this Congress that the country and the Members may read. This is the only way we can get at it. This is the constitutional way.

The trouble is our personal interests in reelection stand in the way of a proper revenue bill. Let me give you an illustration. Last year when the House turned down the sales tax, the majority leader, Mr. RAINEY, stood on this floor and said that no legislative body ever took as long a step toward communism as this House did the day before he spoke when it turned down the sales tax. According to the morning paper, he is not now in favor of any new taxes. Well, this is the difference between the man who is now a candidate for Speaker and when he stood here a year ago serving only his country.

Mr. SCHAFER. Will the gentleman yield?

Mr. MCGUGIN. No.

That is where the trouble comes in trying to balance this Budget. We can not find any voters who want to pay taxes. The only tax anyone seems to be willing to vote is the beer tax, because there are some people who are willing to pay a beer tax, and they will take that, Constitution or no Constitution; but this House will not vote any other revenue bill because it requires some new revenue which must be paid in taxes.

There was a Member who sat in this House once, I understand, who voted for all appropriations and against all revenue bills. For my part I am going to stand in this House and vote against all appropriations until there is reasonable assurance of sufficient revenue to meet the appropriations, to the end that my country is meeting its obligations as it goes, and our children will not have to pay our current expenses of government.

The responsibility of an unbalanced Budget until June 30, 1934, rests upon this House. It is not going to rest upon my shoulders because I am going to do everything in my power to stop these appropriations until the time that this Congress or a future Congress is willing to come in here and perform its constitutional duty of providing enough revenue to run this Government.

Mr. SCHAFER. Mr. Chairman, I rise in opposition to the motion.

Mr. Chairman, the distinguished Republican gentleman from Kansas indicated that the Democratic leader, Mr. RAINEY, is to be the next Speaker of the House. The gentleman, apparently, did not read the press this morning, which indicated that the former Governor of New York, Hon. Alfred E. Smith, might be the next Speaker of the House of Representatives.

I wish the gentleman from Kansas—from dry, arid Kansas—would have been as much taken up with the necessity of raising revenue to help balance the Budget when we had the beer-before-Christmas bill before us.

Of course, in Wisconsin and in other States the Democrats promised that if the people elected a Democratic President and provided a large Democratic majority in the House and

in the Senate, we would have a good 5-cent glass of potent beer before Christmas. Christmas has come and gone; we are still drinking near beer, one-half of 1 per cent, at 25 cents a bottle, and the beer bill has not been speeded on its way to the White House for action, notwithstanding the fact that the Democrats have a majority in the House of Representatives and a majority in the Senate when we take into consideration the Members of the other body, who, although they run for office on the Republican ticket, supported the next President of the United States, Mr. Roosevelt, in the last campaign.

The gentleman from Kansas a few moments ago said that until the Budget is balanced he would vote against all appropriations. I am anxiously waiting to hear the gentleman speak and observe his vote on the alleged farm relief bill—that giant, billion-dollar, super sales tax monstrosity of the Democratic Party—when it comes before the House within the next few days, particularly since that bill purports to furnish relief to the wheat farmers of the gentleman's State.

Let us see when this super sales tax monstrosity on bread and other food and clothing of the American people comes before the House whether the gentleman from Kansas will arise on the floor of the House and denounce that Democratic monstrosity and billion-dollar sales-tax levy and say, "Wait for the passage of this bill until the Budget is balanced."

Of course, we do not know whether we are going to get an opportunity to vote on that bill. The Democratic leaders have to go to New York and get their instructions from Roosevelt, the miracle man. I can not imagine how President-elect Roosevelt, this miracle man, will approve of this super sales tax monstrosity on the necessities of life in view of the statement that he was absolutely horrified when the Democrats in the House proposed to consider a small sales tax on products of industry excepting food, clothes, and so forth. May I suggest to the gentleman from Kansas that if he wants to help balance the Budget, let him go over in the other body and convert some of those dry statesmen from his and other States in favor of an early passage of the beer bill?

The gentleman is a member of the dry group led by Bishop Cannon, who opposed a nonintoxicating bucket of wholesome beer, although he is an expert on buckets, as proved by his speculations in the bucket shops of New York. [Applause.]

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I want to give notice that hereafter I am going to object to any debate that is not confined to the subject matter of this bill.

The CHAIRMAN. The question is on the motion of the gentleman from Kansas to strike out the enacting clause.

The question was taken; and on a division (demanded by Mr. Goss) there were 1 aye and 53 noes.

So the motion was rejected.

The Clerk read as follows:

Salaries and expenses: The amount authorized to be expended for personal services in the District of Columbia during the fiscal year 1933 from the appropriation for salaries and expenses, Bureau of Immigration, is hereby increased from \$300,000 to \$320,000.

Mr. DICKSTEIN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 7, line 7, after the word "expenses" and the colon, strike out all the balance of the paragraph down to and including line 11 and insert in lieu thereof the following: "For an additional amount for the Bureau of Immigration to be expended for personal services and allowances in the District of Columbia and elsewhere during the fiscal year 1933, \$606,000, of which additional amount not to exceed \$50,000 may be used for personal services in the District of Columbia."

Mr. DICKSTEIN. Mr. Chairman, I ask unanimous consent that I may have at this time 10 additional minutes.

Mr. BYRNS. I do not object to the gentleman having five additional minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent that he may proceed for 15 minutes. Is there objection?

Mr. BYRNS. I object.

Mr. DICKSTEIN. I ask to proceed for five additional minutes.

Mr. BYRNS. I have no objection to that.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DICKSTEIN. Mr. Chairman, ladies and gentlemen of the committee, on December 8 I received a communication from the Department of Labor, signed by the Secretary, in the following language:

It is estimated that on the basis of removal of 25,000 aliens, at which rate approximately deportations are now proceeding, we will have a deficit at the close of the current fiscal year of approximately \$585,300 in deportation money, in addition to a deficit of approximately \$606,726 for salaries, making a total of \$1,192,000.26.

I am advised, Mr. Chairman, that the Director of the Budget made a recommendation, so far as the item for deportation is concerned, amounting to over \$600,000, which is coming to us on the second deficiency appropriation bill, and at this point I am not interested in that phase of it.

What I am interested in now are the salaries of the personnel of the Immigration Service, which includes the immigration border patrol. We have in the service a total number of 3,669 men and women. The total amount of monthly pay roll is about \$653,240. There seems to be a deficiency in the amount available for the pay roll for the Immigration Service and for the border patrol, resulting in an estimated deficit of \$606,726. All the Secretary of Labor could do was to balance his budget by laying off 10 per cent of the whole service for a period of six months.

After a number of conferences the Secretary of Labor agreed to fix an administrative furlough for 30 days for all of them—this is over and above the regular legislative furlough—thereby penalizing this great service of immigration inspectors and border patrol in the amount of two months' pay instead of one month that is given to every other department in the Government. That is a discrimination that is not deserved by the Immigration Service. Those men are rendering a fine work. I was surprised to learn that some gentleman here in the early part of the day said that immigration was cut off and that we did not need the inspectors and that they do not want to supply the deficiency on that account. I challenge that statement.

In the annual report of the Commissioner General of Immigration covering the operations of the Immigration Service for the fiscal year ending June 30, 1932—that is, June of this calendar year—the personnel of this Immigration Service boarded nearly 31,000 vessels and inspected over 951,000 alien seamen, besides ascertaining there were aboard over 333,000 American citizens serving as seamen. During that same year nearly 175,000 aliens of different immigration classifications were examined and records of entry made. Also records were made of over 287,000 aliens who left the United States. Also all the necessary proceedings were followed to effect the deportation of some 19,000 aliens, and over 10,000 aliens were permitted to leave voluntarily. In all, the facts regarding over 30,000 aliens amenable to deportation were given attention and examination.

So I am sure you will agree that there is still considerable need for the personnel services rendered by this bureau.

The fact is that they have not enough men on the force to prevent smuggling of dope peddlers and aliens. Ships are coming in every day. The immigration inspector has to be on the job early in the morning and late at night. Every person who enters the United States must be examined both by the Immigration and by the Customs Service, so that, so far as the Immigration Service is concerned, the men work almost 20 hours out of the 24, and in spite of that you want to penalize these men with an additional 30 days' furlough, and these men can not afford it.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. DICKSTEIN. Yes.

Mr. SNELL. This 30 days' furlough of the immigration officials is in addition to the regular furlough that all the other departments get?

Mr. DICKSTEIN. Yes.

Mr. SNELL. So that they are penalized beyond any other department of the Government.

Mr. DICKSTEIN. Yes.

Mr. SNELL. And that came from the horizontal 10 per cent cut that took place in this appropriation bill last year?

Mr. DICKSTEIN. Yes.

Mr. STAFFORD. Did it not come from the stagger proposal advocated by the administration, instead of the straight 10 per cent cut in salaries advocated by the Economy Committee?

Mr. SNELL. Oh, no.

Mr. STAFFORD. Oh, yes.

Mr. SNELL. I would like to get accurate information about that.

Mr. STAFFORD. Those who were advocating the economy program said that the stagger proposal would work an injustice, and in many instances it has worked an injustice.

Mr. SNELL. But this is in addition to the stagger proposal.

Mr. DICKSTEIN. Mr. Chairman, this is in addition to the present legislative furlough given to all Government employees because the department was compelled by law to use up more money for deportation purposes. They are trying to balance their budget by taking it out of the men who are living from hand to mouth as a result of services rendered by the Immigration Service of the United States. I respectfully submit that because we had to use \$288,650 to deport a group of 2,200 to 2,300 Chinamen, undesirable aliens who were thrown on our shores from Mexico, it does not justify you or me in depriving these men of an additional month's pay, which, God knows, they can not afford.

The present cut we have given them under the economy plan is enough penalization without another month. But these men still get more than that. They only work five days a week. They do not work on Saturday. The Department of Labor is under a 5-day week, so that they get an additional furlough; and if you will figure it out, you will find that these men in the Immigration Service, who are the backbone of this country, are not alone getting a penalization of 52 days, but almost three months; and why should we discriminate against this class of fine men?

Mr. TAYLOR of Tennessee. And the penalization of these employees is not nearly so serious as the impairment of the service that will follow.

Mr. DICKSTEIN. As a matter of fact, you may as well turn around and not appropriate anything. If you want this country flooded with cheap labor, Mexicans, Chinese, Filipinos, and everybody along that line, then stop appropriating this money. Some of these inspectors have been transferred from one point to another. Some of them have made long leases and some have bought furniture on the installment plan. They have tried to live within their means, even with the cut of the legislative furlough. If then we go to work and cut off an additional 30 days to the legislative furlough, in addition to that 5-day week, these men finally will have nothing to do but go out and peddle shoe laces, and I do not think they can sell them.

Mr. CONNERY. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. CONNERY. In addition to what the gentleman said about the 5-day week, these men many times work for hours overtime and get no pay for it.

Mr. DICKSTEIN. They get no compensation at all for it, because the ships come in at all hours of the night. Those men must be on the job. That ship must be cleared. It has been called to my attention, as chairman of the Committee on Immigration, that there is greater hardship upon the Immigration Service than any other service in the country.

I am not quarreling with the chairman of the Committee on Appropriations. The gentleman has a hard job before him; but I am presenting to the House a situation where we do not want the country to know that the Government is now going into the business of giving a lay-off to employees for six months and thereby set a bad example.



Mr. CABLE. Will the gentleman yield?

Mr. DICKSTEIN. I yield.

Mr. CABLE. When there was a 10 per cent cut in the various departments last year, instead of cutting 380,000 10 per cent they cut only 300,000.

Mr. DICKSTEIN. That is correct.

And, in addition, I wish to call to the attention of the House some figures just last Sunday published in the press of this city.

The Civil Service Commission reported to the Senate Economy Committee the force with which the administrative-furlough provision of the economy act is hitting the personnel of the Government services.

The employees of the State Department, the Treasury Department, the Post Office Department, the Government Printing Office, the Veterans' Administration, and 18 other Government establishments have not been subjected to loss of compensation resulting from an administrative furlough in addition to the legislative furlough.

The employees in the Commerce Department, the Agriculture Department, the Interior Department, the Justice Department, the Navy Department, the War Department, the Labor Department, the White House, and 12 other Government establishments have had to accept administrative furloughs without pay over and above the time covered by the legislative furlough.

In those departments and establishments where administrative furloughs without pay have been resorted to there are estimated to be 172,592 employees, and of these about 20,015 were given a payless furlough.

From the figures appearing last Sunday it appears that over 81 per cent of the total number of employees given this payless administrative furlough are being paid a salary of less than \$3,000 each per year and only 3,679 have salaries of upward from \$3,000. So that the bulk of the salary loss to individual employees is laid upon those who get a normal salary of downward from \$3,000.

The Department of Commerce, with its 14,796 employees, furloughed 9,139 of them; while the Interior Department, with 12,511 employees, only furloughed 79. The Navy Department, with a personnel of 50,106, has only furloughed 1 person, while the War Department furloughed 732 out of its 47,349 total personnel.

The tabulation further indicates that the principle of administrative furloughs, which was held out as the embodiment of the spread-work idea, and could be applied to about 485,141 employees in the executive civil service, is, as a matter of actual application, reaching only about 4 per cent of that number, and these 4 per cent stand a loss totaling over \$4,000,000 of their normal annual income.

So I say, in closing, that the discrimination evidenced by a 30-day furlough without pay to the personnel of the Bureau of Immigration, the immigration-inspector personnel, and the members of the immigration border patrol is wholly unjust, and this amendment should have the support of every Member.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. BURTNESS. Mr. Chairman, the gentleman from New York [Mr. DICKSTEIN], who is the chairman of the Committee on Immigration, has stated this case so well that there is very little that I care to add.

Those Members who live in border States are familiar with the type of work that is done by the immigration officers, whether those officers serve in the patrol service or are immigration inspectors, or whatever may be their task. They are a fine group of men doing important work for the country at comparatively modest salaries. In these difficult times they are confronted with all sorts of difficulties, to some of which the gentleman from New York has referred.

In addition, it is also true that they are subject to frequent transfers, interfering with their home life. They do not know how long they will live in a certain place. Every time they are transferred, necessarily substantial expense is involved in moving. Most of them have families who are

subjected to this inconvenience at any season of the year. They accept these instructions graciously as part of their job.

One of the worst features of this forced additional 30-day furlough to which they have been recently subjected is that it can not help but tend to destroy the morale of the force as a whole. Perhaps all of you do not realize that alongside the immigration organization, with its patrolmen and inspectors, there is generally a customhouse, with its inspectors and employees, all employed by the same Government. Living there in the same town, under the same general conditions, drawing just as good, if not better, salaries, the customs inspectors, employees of the Treasury Department, have not been subjected to this administrative furlough in addition to the legislative furlough.

If you were in the position of one of these immigration inspectors or patrolmen, you could realize how unfair that discrimination would appear to you.

If that were a discrimination which had been brought about through carefully considered legislation, a discrimination that had been intentional, based upon some justification in fact, I would not be here complaining. But, as has already been brought out in the colloquies which have transpired during the last 10 minutes, that discrimination was not foreseen when the supply bills were passed, were not in accordance with any congressional intent, but resulted from an arbitrary, ill-advised percentage cut made with reference to the appropriation for this particular department after the general appropriation bill passed this House. There is no doubt of that. Whether some one may say it would not have occurred if we had cut the salaries as recommended by the Economy Committee, I do not know, and it is beside the point. That, however, can not be true, for these employees receive a salary of about \$2,000 a year on the average. If the recommendation of the Economy Committee had been accepted, 11 per cent on that portion of the salary above \$1,000, their cut would have been about \$110, while the cut under the administrative-furlough provision amounts to 8½ per cent, or one-twelfth of their present salary, a cut of about \$167. Dismissals or furloughs would have been more drastic under the other plan. This furlough that they are given under the act, one month's vacation without pay, can not be taken in one month in this service as administered. The furlough is applied to each and every week. They must be on the job—that is, they have to remain there locally. They work five days a week, and therefore do not accumulate a period of a week or two weeks or a month for any vacation that can be taken without pay.

There is, therefore, an unjustified discrimination between two departments whose employees work almost side by side, and one which can not help but break down the morale of the service and thus seriously affect the wonderful work that the Bureau of Immigration has been doing.

Mr. SNELL. Will the gentleman yield?

Mr. BURTNESS. I yield.

Mr. SNELL. This discrimination comes especially because the other departments did not have this direct perpendicular 10 per cent cut.

Mr. BURTNESS. Of course, some of the other departments did have such a cut, but the department alongside of which these men work did not suffer from it, and it was never intended by Congress that these men should be thrown out of employment for more than one month during the year. Some of them were confronted a few weeks ago with an order requiring them to discontinue work for six months, which could not be set aside until a tremendous amount of pressure was brought to bear against it.

If I had the time, I feel I could show you that it is not economy in the long run to furlough these men. In fact, it will mean additional expense in the future to round up and deport undesirable aliens who will come in while these officers are taking their enforced leave. The amendment should be approved.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. BYRNS. Mr. Chairman, I ask unanimous consent that all debate on this amendment close in 40 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. THOMASON. Mr. Chairman, in my judgment there is both merit and justice in the amendment offered by the distinguished chairman of the Committee on Immigration, the gentleman from New York [Mr. DICKSTEIN]. I contend there is even economy in it. If the Members knew the Mexican border as I know it, they would say the same thing. To begin with, this is the rankest kind of discrimination, as provided in the original bill, against a class of men who are rendering as fine service for as little money as any class of men in the Government service. In the second place, I believe the Government would have to spend more money on the aliens who come to this country in supporting them for a while and then deporting them than would be spent in keeping up this splendid service.

For many years I have had personal and official relations with many of these men who work along the Mexican border. After the revolutions a few years ago in Mexico aliens by the thousands came into this country. May I remind you that along that meandering Rio Grande from El Paso to Brownsville there is a distance of approximately a thousand miles.

Since the Government built the Elephant Butte Dam the Rio Grande near El Paso can be forded at most any season of the year. The result in my own little city was that our schools were literally jammed and packed with Mexican children, many of them children of immigrants from Mexico. Not only that, but our hospitals were filled to where we could not take care of them, and, still worse, our court dockets were crowded with Mexicans who had landed in jail for criminal offenses.

Then came the border patrol. They rode up and down that border for several hundred miles, most of them on horseback. They subjected themselves to danger every day, and within the last year several of them have lost their lives. They are a fine, honest, patriotic, law-abiding class of men who are enforcing the immigration laws of this country. They have rendered a distinct service to the cause of Americanism. Why single them out and say that the clerk in the Treasury Department in Washington or the clerk in the post office in San Francisco will only take his 30 days' furlough, but those men riding that long Mexican border keeping out the Chinese referred to by the chairman, and about which I know something personally, keeping out Mexicans by the thousands, when we can not provide employment for our own people, shall take a two to six months' furlough without pay? We can not take care of the unemployment situation among our own people. If there ever was a time in the history of our country when we ought to see America and patronize America and employ Americans, it is now. There never was as good reason for strict enforcement of our immigration laws as now.

Take away the border patrol along the Mexican border from San Diego, Calif., along the Arizona and New Mexico line, from El Paso to Brownsville, a distance of about 2,100 miles—take those men off another month in addition to the month furlough they must take now without pay, and within less than six months thousands of Mexicans and other aliens will come across that border and be a charge on the charity of our people, violate our laws, and put our taxpayers to additional expense. There is no economy in it.

[Here the gavel fell.]

Mr. SNELL. Mr. Chairman, it is very seldom I try to increase an item in an appropriation bill, but I am doing so at this time for economy's sake. I maintain that it is a great deal cheaper to keep these aliens out than it is to go through all the various steps necessary to deport them after they get in; and I defy anybody to refute this statement.

As I understand, in the next appropriation bill for the Labor Department they are going to ask for some \$600,000 additional for the purpose of deportation. On the other hand, if things have come to such a pass that we are willing to give every man in every department of the Gov-

ernment an additional 30 days' furlough I am perfectly willing that it should be applied to immigration officers, but it is absolutely unfair, and no one has ever said a word to justify it, to ask these men to take an additional furlough, that no other man in the employ of the Government is asked to take at the present time.

Furthermore, with the restricted immigration that we are trying to put into effect at the present time there is a great deal more incentive for these aliens to try to get into this country than there was in normal times, and for this reason alone we should not in any way do anything that will decrease the force along the borders that are keeping these undesirable people out.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield?

Mr. SNELL. I yield.

Mr. BRIGGS. Will the gentleman from New York tell the House how the immigration law is going to be enforced during the period of time these men are on the six months' furlough?

Mr. SNELL. They certainly can not be, but I want to be fair about it. They are only going to give these men an additional 30 to 60 days' furlough under a new order. This was all brought about by that perpendicular cut of 10 per cent that came in the consideration of some of these appropriation bills which did not apply to all of them. In the interest of absolute economy and the absolute carrying out of the will of Congress in connection with immigration laws we should increase this appropriation and keep these men at work.

Mr. STAFFORD. Mr. Chairman, we have a display of the border force coming in to make a raid on the Treasury to the extent of \$600,000.

The appropriation as carried in the existing appropriation law is \$9,450,000; for this same service the same amount that was carried in the preceding fiscal year, and the same amount in both years for expenditure in the District of Columbia.

Listening to these advocates coming from the border who may have some of these specially anointed officials in their districts, you would think that they are underpaid. These men are in the classified service, receiving the highest pay for this character of work of any men in the Government. They receive from \$2,100 to a maximum of \$3,000. They are promoted every year, promoted not to the extent of \$100 at a time but to the extent of \$200 at a time until they reach a maximum of \$3,000. Yet when you hear the chairman of the Committee on Labor and these other advocates, you would think they were the poorest paid men in the Government service.

As a matter of administration, Secretary Doak has taken some of the men from that service and maybe has reduced the number of hours of employment, but the testimony showed that every one of these men are employed four days a week. Does not the gentleman from Massachusetts and these other advocates of these men think that a man with a basic salary of \$3,000 is now very fortunate indeed if he has four days' work a week regular employment? These are times for economy. Fractional economy is not sufficient.

Every man in this House went before the people advocating economy, and now you are expected to load down the Treasury to the extent of \$600,000. For whom? For the benefit of some specially favored employees that happen to be along the border. I am acquainted with some of these men, so far as Windsor and Detroit are concerned. They are not starving and they are not underpaid. They are the best paid men in the Government service, and I say if there was ever an occasion when we should adhere to economy and not give heed to the border advocates of some specially appointed class, it is now.

Mr. SNELL. Will the gentleman yield for a question?

Mr. STAFFORD. I yield to the gentleman.

Mr. SNELL. I have no argument about the wages that are paid to these people, but will the gentleman give me one reason why these people should be laid off 60 or 90 days, as against other departments of the Government?



Mr. STAFFORD. In private employment there are any number of men who are being laid off who were only getting starvation wages. These men are getting wages of \$3,000 a year, and all that is proposed here is to cut down their employment from six days to four days a week. I am surprised at the gentleman's advocating this extravagant appropriation.

Mr. CONNERY. Mr. Chairman, I thank the gentleman from Wisconsin for the beautiful tributes which he paid to me in reference to economy and about my not wanting to see the wages of Government employees cut. I do not want to see their wages cut, any of them; and after a while perhaps even the gentleman from Wisconsin will realize, as well as private industry following out the principles of the Government, that you can not buy clothing if you have not the money, and you can not buy anything if your wages are cut to the extent that everyone is going to be laid off and everyone is going to be unemployed.

In reference to the matter now before the House, I do not see any justice in penalizing these employees of the immigration border patrol or of the Immigration Service when none of the other Government employees are to be penalized in the same manner. In the case of some of the members of the Immigration Service, after they have worked for years and years they get paid the stupendous sum of \$3,000 to support their families. When they reach this amount they get four days a week or five days a week, and the gentleman from Wisconsin did not tell you that they work many, many hours overtime and get not one cent for it. Their work is also difficult and requires tact and courage, and the lone rider who is riding along the hundreds of miles of the Texas-Mexico border has to have courage, grit, tact, ability, and endurance, and believe me, he earns his \$3,000 after he has been waiting years to get it.

Mr. SNELL. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. SNELL. The gentleman from Wisconsin did not tell why they were penalized more than employees of other departments.

Mr. CONNERY. No; the gentleman from Wisconsin did not give any answer to why they were penalized in comparison with other employees.

Mr. STAFFORD. If the gentleman will yield, because there is no other service in the Government except the Customs Service where a majority in the service are receiving wages as high as \$3,000.

Mr. CONNERY. That is no reason for penalizing them.

Mr. STAFFORD. Does the gentleman think a man who is getting \$2,500 or \$3,000 in these times of stress is penalized in comparison with men in private employment?

Mr. CONNERY. Did the gentleman ever try to raise a family of five children on \$2,500 a year? If not, let him try it and see how far he can get.

Mr. STAFFORD. These men are not raising families of five children. They are raising other things besides children.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, the appropriation for the current year is \$9,400,000 for the Immigration Service. This provides for 3,700 employees, an increase from the year 1926 of from 2,400 to 3,700. This is an average increase of more than 10 per cent per year in the field and in the District of Columbia.

The provisions of the law as they stand now simply require an additional 30-day furlough and this can be endured by this bloc of employees better than by some others because there has been this large increase in the number of employees over a period of six years. This is the reason we probably can furlough these men 30 days better than we can furlough some of the employees in some of the other departments, where there has not been such an increase in the last three years.

It seems to me if we are ever going to stop appropriating money, we must stop by refusing to increase the Budget, and here is an opportunity for those who want to economize to say no.

The department itself only asked for \$20,000 of extra money to take care of the departmental service in their statement before the committee, and the committee gave them this by increasing the amount that could be taken from the field service, and the suggested amendment proposes to give them \$50,000 extra, \$30,000 more than the department asked.

Mr. COLE of Iowa. Will the gentleman yield?

Mr. TABER. I yield.

Mr. COLE of Iowa. While these men are on furlough, will the service be maintained?

Mr. TABER. Why, yes.

Mr. COLE of Iowa. If we permit men to be smuggled across the border, will it not cost more to get rid of them afterwards than the original cost?

Mr. TABER. I do not doubt that the service will be maintained right along and will be well maintained. There has been such a steady increase, approximately 10 per cent a year, over six years, that I believe there will be plenty to carry on the service with the money already appropriated.

Mr. CLANCY. Mr. Chairman, I wish to correct the statement of the gentleman from Wisconsin [Mr. STAFFORD] that the immigration border patrolmen on the Detroit front who were given this six months' furlough were not suffering.

Practically all of these men were in financial distress when they were laid off, and after a few weeks they were in greater distress. Just across the border in Canada are at least 100,000 aliens trying to come across and enter the United States. If they do get in, they are very apt to take a job from some American, particularly in our city.

There are many thousands in the city of Detroit alone who have to depend upon public and private welfare organizations. This money would be well expended by keeping out aliens.

Once they enter, money must be expended to deport them to their native lands. For other reasons they are a burden of expense to the American people. I urge the House to adopt the Dickstein amendment.

Mr. GIBSON. Mr. Chairman, the gentleman from Iowa [Mr. COLE] asked the gentleman from New York [Mr. TABER] if the Immigration Service could be maintained with the present furlough plan in force, to which the gentleman from New York replied that it could. I say that it can not. I have a peculiar situation along the border of my district as it will be, because in the 100 miles, we have 57 traveled roads aside from a lot of byroads. Some of our posts are 1-man posts. The immigration Service along our border is greatly undermanned, so that with normal conditions it is only possible to give two-thirds time for a man at these 1-man posts, while with this furlough plan in operation it will be possible to guard the road only one-third of the time. So manifestly along that border it will not be possible to efficiently maintain the service as stated by the gentleman from New York.

So far as the economy feature is concerned, with the avenues of immigration unguarded so many will come in without right that when we come to deport them it will cost the Government \$10 for every dollar saved out of salaries.

Mr. LaGUARDIA. Mr. Chairman, I think the situation with reference to this item emphasizes the folly of the reduction of blanket appropriations without careful study in each particular case.

Now, in the regular appropriation bill there was a flat reduction of a lump-sum appropriation which is used for the purpose of deportation. This appropriation included not only salaries but all expenses incidental to deportations of aliens. Out of 16,631 aliens who were deported in 1930—and I am only giving these figures to show the ratio, which I believe would be about the same for the current fiscal year—13,842 were deported at the expense of the Government. Of the 13,842 deported at the expense of the Government 1,476 were deported by vessels. That item alone is over \$75,000. In addition there is railroad fare and maintenance for all 13,842 aliens deported at Government expense. There is

where the larger portion of the expense comes in, and an arbitrary reduction of the lump-sum appropriation now necessitates this unreasonable furloughing of the employees in order to meet the funds on hand. Surely the employees should not be penalized by an additional 30 or 60 day furlough without pay. But, aside from that, this plan will cost the Government a great deal more than the expected savings.

Now, that brings up the question of policy. If the Congress intends that the department should continue the work of deportation of aliens in penal institutions and all aliens who are here in violation of law or who are otherwise amenable to deportation, then this money must be appropriated. Failure to do so will not only prevent the proper enforcement of the law and change the entire policy established by Congress but will be more costly to the Government.

As I stated before, in times of rigid enforcement the immigration law, as brought about by Executive order, has increased the incentive for alien smuggling, and surreptitious entry is greater. At this time there is systematized smuggling of aliens over the border and by steamship at the port. I have repeatedly stated, and I now say, that from my experience in the Consular Service and in the Immigration Service aliens can not be brought into the country without the knowledge if not the connivance of the steamship companies.

The law provides heavy penalties for every alien unlawfully brought into the country. The steamship companies have been able to evade these penalties. Either the fine is not imposed or, if so, invariably the fine is abated. Why the Government should be generous to the steamship companies violating the law is more than I can understand. I invite an investigation of aliens unlawfully brought into this country where the steamship has been ascertained and no fines imposed, and I also invite a scrutiny of the long list of fines abated that have been imposed. Why the Government should be so generous with these law-violating companies is more than I can understand. I want to say, however, that this system of abating and rescinding fines has been going on for many, many years. Yet while generous in the matter of fines, we find a most parsimonious attitude in the treatment of the employees intrusted with the enforcement of the law.

Now, let us look at the situation. There is no saving here. It will cost the Government more than the \$600,000 the amendment calls for. Aside from the manifest injustice to this service, as pointed out by the gentleman from New York [Mr. SNELL], of compelling these employees to take 60 or 90 days furlough without pay while employees of other departments are furloughed only 30 days, it must be remembered that this is comparatively a small service and that the extended and prolonged furloughs will necessarily retard and hamper the work. What we save in this unfair and unjust reduction of appropriations, the Government will spend in feeding, housing, and caring for the aliens. As I have pointed out, a large percentage of the aliens are deported at Government expense. That means, gentlemen, that from the time the alien is taken into custody, whether on a warrant of arrest off the streets or from a penal or other institution, until he is landed in the foreign port it is all at the expense of the Government. It is simple mathematics that if the work is retarded, the procedure of deportation in each case will be prolonged, entailing additional expense to the Government.

These men are not overpaid. I know it. And I speak from actual knowledge. As my colleagues know, I served in the Immigration Service. It is difficult work, specialized work, and requires training and experience. Some of the men who are to be penalized to this fallacious policy served with me 25 years ago and are still in the service. If anything at all, considering the nature of the work, the responsibility, these men are underpaid. It has been said on the floor to-day that the officials of the department, the heads of the department, have not asked for this additional appropriation. I do know that Secretary Doak told me that the service would be greatly impaired unless the deficiency bill

did provide additional funds. Commissioner Corsi, at Ellis Island, also told me that he did not know how he could not only meet the requirements of the service but properly and safely man and operate the immigration station at Ellis Island with this additional reduction. Therefore, as a matter of public interest, I feel that it is absolutely necessary to provide the additional funds.

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I can well understand how these gentlemen who represent districts on the border should appear here and insist on this appropriation. These persons employed under this appropriation are employed on our borders.

We have heard a good deal about economy. I was very much disappointed when this House the other day made a most unwarranted appropriation out of the Public Treasury for a central heating plant at Howard University, which was not asked for by the President and the Director of the Budget. There never was an appropriation, in my opinion, for which as little could be said under the circumstances, when we are confronted with a deficit next June of over \$1,600,000,000.

I stand here and plead for economy, and you gentlemen are in favor of economy. But what is the use, gentlemen, when your own President and Director of the Budget tell you that an appropriation is not necessary, and then we come here on the floor of the House and because of a few distinguished gentlemen—and I am not criticizing them—who come from sections of the country where pressure is great, vote for that appropriation because they ask it. Why should you, contrary to the recommendation of the President and the Director of the Budget, appropriate \$600,000 out of the Public Treasury?

Oh, they say, it will cause somebody to be furloughed. I regret to see that very much, but we are not making fish of one and fowl of the other when we do that, according to the Secretary of Labor. But I do say this. Your Committee on Appropriations is doing its level best to save money. Your Committee on Appropriations is doing its level best to balance the Budget by reducing expenditures. There is not a member of that committee on either side who is not exerting himself in that direction. For God's sake give us some encouragement, and when we bring out an appropriation, do not go ahead and add to the expenditures of the Treasury by adding something that has not been recommended. We have done no more than we thought is right in these premises. People are losing their jobs, I know. Oh yes, there are lots of people who are losing their jobs down in my town, not for 30 days, but for months.

Only a moment ago we passed an appropriation of \$625,000 to take care of the jobless and the unemployed here in the District of Columbia, and here we are told that it is perfectly monstrous because perhaps somebody is going to get two or three weeks further furlough out of his salary. I do not like to see people furloughed. Neither do you. I have no more interest in this matter, and I claim no more interest in it, and I claim to have no more zeal and no more earnestness in the matter than you have, because you all want to economize, but, as one distinguished gentleman once said, there is but one way to reduce, and that is to reduce, and I hope you will do it in this case.

Mr. OLIVER of Alabama. Mr. Chairman, let me say in the beginning that I shall not take issue with the chairman of the legislative committee, the gentleman from New York [Mr. DICKSTEIN], as to the correctness of the facts he recites as to furloughs being necessary unless this appropriation is increased. I disagree, however, with him as to the wisdom of increasing this appropriation, and there are some facts that should be emphasized in connection with the very splendid statement made by the gentleman from Tennessee [Mr. BYRNS]. The President and the Secretary of Labor have not, and will not, recommend an increase for personnel pay, I understand. I want to commend the action of the President and the Secretary of Labor in not asking any deficiency appropriation for the salaries of employees even in this important service, and the



House should know that furloughs in many other bureaus have been ordered and taken. This bureau is not an exception, as the gentleman from New York [Mr. SNELL] seems to think.

The gentleman from New York [Mr. TABER] called attention to the large number of increases made in the personnel of this service. Take the Immigration Service proper. That has been increased since 1926 by 723. Then the border patrol was established in 1925 with a personnel of 655, and this personnel was increased to 983 by 1932. All of these increases are for the Immigration Service. Now, what of the appropriations for this service? How rapidly that has grown. Going back to 1923 we appropriated for this service \$3,960,988. Take the year 1926, the year to which reference has been made, after the organization of a border patrol in 1925. In that year \$5,826,857 was appropriated. But what of 1932? The appropriation that year amounted to \$10,823,943. Congress approved a substantial cut in the 1933 appropriation under what had been carried for 1932, and there was not a Member of the House who did not boast of the fact that Congress had made large reductions in 1933 under what was carried in 1932. No Member will rise now and say that he declared to his constituency that an injustice had been done the Immigration Service by the cut made in the 1932 appropriation. Candidates for President, for Congress, for the Senate, all were proud to claim credit for the cuts that had been made, and yet the people rightly insisted that further reductions must and should be made. No agency of the Government should be exempt.

If you want to deport more with a smaller force than you now have, you can do so by providing additional funds for deportations. Two millions will deport about 20,000 aliens. Provide the funds, and notwithstanding the administrative furloughs now sought to be avoided, you can largely, with the same personnel, increase your deports by the thousands. Eleemosynary institutions are furnishing information as to those unlawfully here. Jails are supplying that information, civic organizations, on whom these aliens are now a charge, are furnishing the information. There is no longer the need for a large personnel to go out and seek in hiding places aliens unlawfully here. What is needed is for the Legislative Committee to favorably act on recommendations repeatedly made by administrative officials to strengthen the hands of the law. Let the Secretary of Labor be clothed with a discretion to delegate to field officers in the Immigration Service the right to issue warrants, and you will save time and subsistence expense incident to deportations. That recommendation has been pending before the Legislative Committee for a long time.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. OLIVER of Alabama. Let the legislative committee forbid the admission of skilled agriculturists, and you will thereby stop the flow of many that should no longer be allowed to come. Then let the legislative committee do what every civilized country of the world has done and what our people will give hearty approval to, namely, require general registration of all aliens within a limited time, lawfully entitled to be here, and you will dispense with all of this spy hunting. Attention is called by those favoring an increased appropriation to the fact that aliens unlawfully here are employed in large numbers, and thus denying employment to our own citizens. If you will require registration of all aliens entitled to be here, and place a heavy penalty on those who employ aliens, unable to produce a registration certificate, then you will have largely solved the whole problem of deportations, and with a well-paid personnel selected from your present large and efficient force you can enforce your immigration laws effectively and with a largely reduced appropriation.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. OLIVER of Alabama. Not just now. A little later I will gladly yield, if time allows.

Now, what are the facts? Again I want to commend the State Department for its interpretation of acts passed in previous years when all consuls were instructed, "To honor

no application to enter the United States, even though within the quota authorization unless satisfactory proof can be offered that the applicant has sufficient funds for his support, and is not likely to become a public charge."

What has been the result? This year those lawfully entering have been cut to a minimum number. Only 35,000 have been admitted, and for the last year and a half, as we are advised by Mr. Hull, the Commissioner of Immigration, there have left our shores voluntarily, without expense to the Government, more than a million aliens. When he made this statement, I said to him, "If economic conditions and other influences silently, yet effectively at work, have caused more than a million aliens to leave without expense, why go before the American people now and say, 'Increase our appropriations to maintain a large personnel to deport 20,000 or 25,000 annually, at an ever-increasing cost to the Government.'"

The President is right, and the Secretary is right in courageously saying to the Appropriations Committee and to the public, "These requests for increased funds should be turned down." We now have largely stopped the inflow of those heretofore lawfully allowed to enter, and economic conditions are forcing many to leave without any expense whatever to the Government. The unemployment situation is now stimulating the States, within the limits of the Constitution, to pass laws to do what the legislative Committee on Immigration has thus far failed to do. Massachusetts is now considering passing a law which it is claimed is constitutional and which will require the registration of all entitled to claim American citizenship.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. DICKSTEIN. Mr. Chairman, after listening to my distinguished friend, the gentleman from Alabama [Mr. OLIVER], on the subject of immigration, I think the gentleman knows less about it than I know about appropriations made by the gentleman's committee. The gentleman wants to empower an ordinary immigration inspector as judge and jury, to issue warrants wherever he goes, and lock up anybody he wants to. If we do that there is not enough money in the Public Treasury to support that appropriation. I submit the gentleman's proposition is wrong. Power can not be vested in an agent to issue warrants and lock up anybody he wants to.

I wish to read an article appearing in yesterday's New York World-Telegram, which comments about practices which might grow if an immigration inspector should be empowered to act as judge and jury and issue warrants wherever he may go:

[World-Telegram, January 3, 1933]

#### AN OFFICIAL RACKET

In Los Angeles the so-called "red squad" has been arresting radicals on "suspicion of criminal syndicalism." There is no such charge under California law, so the police hold the victims in jail for a while and then dismiss them.

In New York United States customs officials seized a consignment of Russian posters belonging to Corliss Lamont. The posters were held for four months on suspicion of containing "seditious sentiments," then released.

In Buffalo immigration men arrested and held for two to six weeks 38 suspected aliens. They made the arrests without the formality of warrants and denied the victims counsel. One Italian girl was held seven months before she obtained a lawyer, who promptly secured her deliverance.

These are scattered examples of a type of tyranny being practiced with increasing frequency by lazy and brutal officials of the law. The purpose is intimidation of minorities. When legal justification is lacking these officials reach beyond the law and arrest on suspicion or use some fantastic charge they know will not stick in the courts. The victims are released but not before they have been branded as law violators and their cases well aired in the newspapers.

This is a racket. It is more dangerous than the many practiced by underworld racketeers, for it is done under the law and has the law's apparent sanction.

The Wickersham Commission said of such tactics, "It is a fundamental principle of the common law that a citizen may not lawfully be imprisoned by a policeman or any other official merely because the official thinks such action to be for the public good."

I have received many letters expressing opposition to the principle of our immigration law referred to in this article.

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. DICKSTEIN].

The question was taken; and on a division (demanded by Mr. DICKSTEIN) there were ayes 70 and noes 64.

Mr. BYRNS. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed Mr. BYRNS and Mr. DICKSTEIN as tellers.

The committee again divided; and the tellers reported there were ayes 80 and noes 73.

So the amendment was agreed to.

The Clerk read as follows:

For an additional amount for the Employment Service, including the same objects and under the same limitations specified under this head in the act making appropriations for the Department of Labor for the fiscal year 1933, \$200,000.

Mr. ALLGOOD. Mr. Chairman, I offer an amendment, which is at the desk.

The Clerk read as follows:

Amendment offered by Mr. ALLGOOD: Page 7, line 12, strike out from line 12 to and including line 17.

Mr. ALLGOOD. Mr. Chairman, this amendment refers to the employment service, which is asking for an additional deficiency appropriation of \$200,000. Of course, I am subjecting myself to severe criticism again in opposing appropriations of this character. Somebody will say at once, "Oh, we have to take care of the unemployed in this country. Here we are striking out an appropriation that seeks to give men employment, that seeks to help men to get jobs."

There is carried in the regular appropriation bill \$735,000 and the hearings show that those in charge of this activity deliberately established additional offices, which increased this appropriation, and they did it at the instance of Members of Congress. It was political. A campaign was on. Members of Congress wanted to make political capital out of the fact that they were getting employment agencies established in certain towns and cities in their districts. I quote from the hearings:

Congressmen and Senators have asked us to establish offices here and there, and we have tried to accommodate them as best we could. That is what we propose to do here.

My colleagues, the campaign is over. The election has been held. The Red Cross in the towns, cities, and States is performing this service throughout the Nation. The American Legion has found jobs for a million men. Practically every other man on the street on which I live in Gadsden, Ala., is out of a job. If there were such a thing as a job to be had in that city, there would be a thousand people ready to take it. It is not a question of finding men to take jobs, but it is a question of finding jobs for the men. That is the problem we are up against in this country. Here we are continuing to raid the Treasury for appropriations that are not getting results.

I have shown there are other agencies that are helping these people who are out of employment find employment wherever it can be done. Absolutely, there are enough agencies, local, State, city, and national, to help the people that are unemployed if you can find jobs. The question is to find jobs.

Our national deficit is running about \$7,000,000 a day and we are adding to it with these needless appropriations, just one appropriation after another.

[Here the gavel fell.]

Mr. ALLGOOD. Mr. Chairman, I ask unanimous consent to proceed for an additional two minutes.

The CHAIRMAN (Mr. McMILLAN). Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. ALLGOOD. The report shows that the gentleman from Alabama [Mr. OLIVER], who is on this committee, is opposed to this appropriation. I recall that he fought it last year with all the ardor that he possessed. He realizes that under the conditions existing to-day you can appropriate all the money you want for the purpose of helping men find jobs, but unless there are jobs they can not be

found. The only people who are benefited by this appropriation are the 135 people who are in these employment agencies holding the jobs.

Several men from my town went down to Birmingham where the agency in Alabama is located, to see if the employment bureau could help them get work; any kind of work. They registered and tried to get this agency to secure them positions, but they did not get jobs for any one of them. The men never heard from the agency. They went down there, registered their names, gave their post office and street addresses, and that was all there was to it.

As I say, it is political. The campaign is over. Here is a place where we can reduce and cut off \$200,000. That leaves \$735,000 under the appropriation and leaves one of these agencies in every State of the Union. They have doubled up in some places, for instance, in Kansas, St. Louis, and some other places in Missouri they have three agencies in each of those cities.

[Here the gavel fell.]

Mr. BYRNS. Mr. Chairman, I ask unanimous consent that all debate on this paragraph and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. TREADWAY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I heartily and entirely disagree with the position taken by the gentleman from Alabama [Mr. ALLGOOD]. He says this appropriation is a political appropriation made for the purpose of holding men in their jobs. I think he is in error. At any rate, he is in error so far as my experience in Massachusetts is concerned.

These offices have been in operation in various sections of the country. It was an emergency appropriation originally to relieve unemployment and distress, and so far as my experience goes it has been entirely satisfactory to the people in our section.

The department stated that unless this deficiency appropriation was made at this time, 30 of these employment offices throughout the country would be closed as of January 1.

The section of the country from which the gentleman from Alabama comes does not suffer the rigors and hardships of a New England winter, but if there ever is a time when we in New England ought to endeavor to keep our people employed it is from the 1st of January. I think there are three positions involved so far as the employment offices to which I refer are concerned. What are the positions? They are not political, as the gentleman says; they are of no value whatsoever from any political standpoint, but they are of value in providing an opportunity for those out of employment to secure some sort of work that will keep body and soul together in the cold winter climate of New England.

The 1st of January is the very worst time throughout the entire year that those offices could be closed. This \$200,000 is only for a temporary purpose. It is to keep those 30 offices going from now until the 1st of July. By that time there is opportunity for employment such as does not exist in winter, and I have had requests to assist in securing this additional appropriation from men who never seek political favor, men who have no connection whatsoever with politics, men who stand for something in the community, and who realize what work has been done by these offices in the way of securing employment for people in conjunction with the usual employment offices maintained by States and the humanitarian organizations in the vicinity. These people are not appealing to me for this assistance from the political angle. They are appealing to me from the humanitarian standpoint—that the Government should show its interest in keeping people employed in New England during the severe and strenuous winter season. Therefore, I appeal to this House to accept the recommendations of the committee in asking for this additional \$200,000 that the 30 offices that would be closed



immediately should this appropriation fail to be continued until July 1.

Mr. ALLGOOD. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. ALLGOOD. The gentleman spoke about the humanitarian standpoint as well as opportunity. Last year when we had up the appropriation to take care of the poor throughout the country—

Mr. TREADWAY. Is the gentleman going to ask me a question or make a speech?

Mr. ALLGOOD. No; I am not going to make a speech.

Mr. TREADWAY. Then get to the question.

Mr. ALLGOOD. The gentleman opposed that appropriation and said it was a dole. If we take care of the poor of the country, it is a dole.

Mr. TREADWAY. The gentleman has not yet asked me a question. I still say it is for the humanitarian interest and welfare of the people that this appropriation be retained.

[Here the gavel fell.]

Mr. CONNERY. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, on page 99 of the hearings Mr. Alpine, who is the director of the Employment Service, said:

From April 1, 1931, to November 1, 1932, this reorganized service found jobs for 1,842,055 people, or an average of 102,336 per month.

I am not going to say what I know of the experience of the employment offices in New York or in Missouri or in California, but I do know practically what they have done in Massachusetts. I know that these employment officers of the Federal employment offices not only conducted their offices in rent-free quarters, which they got from the different cities, but they went out into the factories and into the mills and into the offices and the stores of the cities in which they were situated and contacted jobs for the unemployed. They made contacts with the State authorities on State work and arranged plans whereby a married man with dependents would get first choice on these jobs.

This appropriation, as the gentleman from Massachusetts [Mr. TREADWAY] has said, is to keep 30 offices opened until July 1. We are now in the worst part of the year, beginning with January 1, when there is the most unemployment, because there are no seasonal occupations and when the people are really suffering the worst privation and hunger.

In addition to this, you must realize that they have already closed, regardless of this appropriation, a certain number of offices which they could not keep up until the present time. This will merely allow them to keep open these 30 offices until the 1st of July.

Mr. DYER. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. DYER. What the gentleman says as to Boston and Massachusetts is likewise true of St. Louis and Missouri. They have found a number of places by going to the factories and mills and getting them to put on an extra man here and there.

Mr. CONNERY. I agree with the gentleman from Missouri and I believe this would be economy if it were only for the purpose of starting a system to show how you can put people to work even when they say there are no jobs.

Mr. LaGUARDIA. Will the gentleman yield?

Mr. CONNERY. I yield.

Mr. LaGUARDIA. I want to call the gentleman's attention to the fact that it is in these times of unemployment that private employment agencies and the crimps do most of their exploitation. Men are desperate for work and pay a fee under promise of employment only to be deceived. This is going on at this time. A national system of employment, as well as a State system, will eventually do away with this terrible exploitation that has been going on for years.

Mr. CONNERY. The gentleman has brought out a very important point, because when they go to a Federal employment agency they know they are not going to deal with a lot of grafters, but will be dealing with the United States Government and this gives them new faith and confidence in their own Government.

Mr. SCHAFER. Mr. Chairman, I hope the pending amendment will be defeated.

The gentleman from Alabama [Mr. ALLGOOD], the new economy expert of the House, a few moments ago took the floor and enunciated the principle and policy of being opposed to the Government taking care of the suffering and starving, and now he is opposed to the Government lending its hand to find employment for those who are suffering and starving and who want to find work in these days of unemployment.

I was rather surprised to hear from the lips of the gentleman from Alabama an indictment of his Democratic Party and its leaders in the last session. When he accused the Congress of passing these Employment Service appropriations for political purposes he accused the Democratic Party of squandering the taxpayers' money to advance the political purposes of that party, because the Democratic Party has been in control of the House during the last session of Congress when the appropriations about which he complains were made. I am surprised that a gentleman from Alabama on the Democratic side would stand up on the floor of the House and indict his own party and thus indict the Democratic chairman of the Appropriations Committee and the Democratic majority on the Appropriations Committee.

Mr. TAYLOR of Tennessee. Mr. Chairman, I would like to have two minutes in order to ask the chairman of the committee a question.

Some time ago the Secretary of Labor gave notice of the discontinuance of a number of these offices and of a reduction of the personnel in others. I would like to know if this \$200,000 will provide for the continuance of the offices that he had in mind at that time.

Mr. BYRNS. It is my understanding it will take care of all of them until July 1.

Mr. LaGUARDIA. Will it include the uptown New York office?

Mr. BYRNS. It is my understanding it will include all of the offices to which my colleague from Tennessee refers.

Mr. TAYLOR of Tennessee. I would also like to know whether they have been continued in anticipation of this action by the Congress.

Mr. BYRNS. It is my understanding they will be reopened.

Mr. TAYLOR of Tennessee. Are any of them discontinued at this time?

Mr. BYRNS. I am told that 11 offices have been closed, but this \$200,000, we were told, would enable the department to take care of all the offices until July 1.

Mr. TAYLOR of Tennessee. I have had occasion to observe the work of this service during the past summer and I think they are doing an excellent work, and I wish to commend the committee for including this item in the appropriation bill. I think, Mr. Chairman, that instead of contracting this employment activity it might very well be expanded.

Mr. KELLER. Mr. Chairman, I simply want to say that my direct observations of the working of this law is entirely in the interest of the men out of jobs in this country and the most important thing that Congress has before it is providing jobs for the unemployed. Doing away with this kind of work would, in my judgment, betray the very interests we are trying hardest to serve.

The truth of the matter is we have got to give jobs and not sums of money. This House, this Congress, at the last session passed this law. This House and this Congress at the second session has to maintain that law. I am glad to see that only one man, only one Member, has arisen in favor of this amendment, and I hope the vote will be in accord with that number, because this is for the interest of the men who work and, as the gentleman from Massachusetts says, not for politics in any State or county. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama [Mr. ALLGOOD].

The question was taken, and the amendment was rejected.

The Clerk read as follows:

Claims for damages by collision with naval vessels: To pay claims for damages adjusted and determined by the Secretary of the Navy under the provisions of the act entitled "An act to amend the act authorizing the Secretary of the Navy to settle claims for damages to private property arising from collisions with naval vessels," approved December 28, 1922 (U. S. C., title 34, sec. 599), as fully set forth in House Document No. 503, Seventy-second Congress, \$615.09.

Mr. VINSON of Georgia. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 8, after line 4, insert a new paragraph, as follows:

"Selections under the act of June 10, 1926, shall be construed as selections under the law existing June 10, 1922."

Mr. STAFFORD. Mr. Chairman, I reserve a point of order on the amendment.

Mr. VINSON of Georgia. Mr. Chairman, I am willing to concede that the amendment is subject to a point of order because it is legislation on an appropriation bill; but I want to call attention to the merits of the amendment, and then I trust that the gentleman from Wisconsin will withdraw his point of order.

The object of the amendment is to clarify a ruling by the comptroller. In 1922 the House passed a pay bill. In 1926 the Congress passed an equalization bill seeking to equalize the pay of the officers of the line in the staff and the Navy. The officers got their pay under the act of 1926, and it has been running that way up to last October, when the comptroller in construing the act deducted \$75 a month from the doctors' salaries, and among them the salary of the House physician. It was never the intention of Congress when it passed the equalization act of 1926, the Britten bill, that the comptroller would so construe it.

This amendment is merely to correct that injustice. Each officer had his salary reduced 8.3 per cent, but in addition thereto they have made a further reduction of \$75 per month from their salaries. The comptroller in his ruling did not require the officer to pay back into the Treasury anything received in the past, but in the future he held that there should be a reduction of \$75 a month.

Mr. BRITTEN. Will the gentleman yield?

Mr. VINSON of Georgia. I yield.

Mr. BRITTEN. I wish the gentleman would make clear to the House the fact that these officers in the Medical Corps have been drawing a specific salary for six years, and, under the comptroller's decision, he may determine to ask for a refund of that which they have been drawing.

This amendment of the gentleman will not increase any salaries. It will not entail any additional appropriations. It will merely allow these officers in the Medical Corps to get for the month of October, 1932, on, just exactly what Congress intended they should have.

Mr. VINSON of Georgia. And what the Congress has appropriated.

Mr. BRITTEN. And what the Congress has appropriated for them. The language is clarifying. It is legislation, of course, on an appropriation bill, but I hope the gentleman from Wisconsin [Mr. STAFFORD] will not insist on the point of order, because if he does, we are likely to find our House physician and twenty-odd others called upon by the Comptroller of the Currency to refund several thousand dollars that has been paid to them during the past six years by the Paymaster General of the Navy, under the opinion of the Solicitor of the Navy Department, that that is what these men were entitled to, and that is what the Congress intended they should have. Certainly there is no one on the floor of the House who wants a rebate from these men.

Mr. VINSON of Georgia. I thank the gentleman for his explanation, and I hope that the gentleman from Wisconsin will withdraw his point of order.

Mr. STAFFORD. Mr. Chairman, the gentleman realizes that we should not legislate on an appropriation bill. This would not only affect one man but 34 others. It not only affects the naval service but the Army may be affected. The matter should come through in the regular course. No

hearings have been had upon the proposal. I make the point of order.

The CHAIRMAN. The amendment offered by the gentleman from Georgia [Mr. VINSON] is clearly legislation on an appropriation bill, and the Chair therefore sustains the point of order.

Mr. MCGUGIN. Mr. Chairman, I move to strike out the first word. I have taken occasion from time to time to take exception to the Democratic leadership in control of this House for its failure to balance the Budget of this country. Balancing the Budget requires, of course, reducing expenses and also increasing revenues. However, the remarks that I am going to make now are going to be directed primarily to my Republican brethren, and it is going to be my criticism of members of my party sitting here in this House who within the last week have voted for over \$1,000,000 of appropriations which our own President and our own Budget Director have turned down. We can not stand before our country or before our President and do that sort of thing. Our position is indefensible. It is not only indefensible politically, but it is indefensible to our country at a time when expenses must be reduced. There is no excuse for it. Within the last few minutes I have seen a gentleman of the Tammany delegation stand here and ask for an increase of \$606,000 in this bill which our own Budget Director turned down and which our own President did not send to Congress, and yet it was passed, primarily by a coalition of Tammany votes and Republican votes. But my greatest criticism is against the Republicans, because Tammany is consistent. It is always a Treasury raider and makes no other profession, while my party makes the profession of economy. I want it to be consistent. I hope that the chairman of the Committee on Appropriations [Mr. BYRNS] will insist upon a separate vote in the House upon this amendment, so that this addition may be stricken from the bill, and I appeal to every one of my Republican colleagues in the name of economy, in the hope of balancing the Budget of our country, to play the game squarely and uphold at least the hands of our own administration and our own President and Budget Director.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. MCGUGIN. Yes.

Mr. BRITTEN. I believe the gentleman and I voted against that \$606,000 appropriation. I know I did. Will the gentleman be kind enough to lay greater emphasis on the fact that this is a Democratic Congress and a Democratic House, and that that expenditure was voted by Democrats and not necessarily by Republicans?

Mr. MCGUGIN. No. I watched the tellers here, and if the Republicans had not gone through the tellers the amendment would not have started to pass. It was a coalition of Tammany Democrats and Republicans. I know there are extravagant Democrats on the Democratic side of the aisle who never pay any attention to their leadership, and for them I have no brief.

Mr. HASTINGS. Let me assure the gentleman from Kansas that a request will be made for a separate vote upon this item, and we hope the gentleman's remarks will bear good fruit on his side of the House.

The Clerk read as follows:

Mixed Claims Commission, United States and Germany: For an additional amount for expenses of determining the amounts of claims against Germany by the Mixed Claims Commission established under the agreement concluded between the United States and Germany on August 10, 1922, and subsequent agreement between those Governments, for the determination of the amount to be paid by Germany in satisfaction of the financial obligations of Germany under the treaty concluded between the Governments of the United States and Germany on August 25, 1921, including the expenses which under the terms of such agreement of August 10, 1922, are chargeable in part to the United States, and the preparation of a final report by the American commissioner and the orderly arrangement for preservation and disposition of the records of the commission; and the expenses of an agency of the United States to perform all necessary services in connection with the preparation of claims and the presentation thereof before said Mixed Claims Commission, and the preparation of a final report of the agent and the orderly arrangement for preservation of the records of the agency and the disposition of property jointly owned by the two Governments, including salaries of an agent and neces-



sary counsel and other assistants and employees, rent in the District of Columbia, employment of special counsel, translators, and other technical experts, by contract, without regard to the provisions of any statute relative to employment, and for contract stenographic reporting services without regard to section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5), law books and books of reference, printing and binding, contingent expenses, traveling expenses, press-clipping service, and such other expenses in the United States and elsewhere as the President may deem proper, fiscal year 1933, \$40,000: *Provided*, That the appropriation made for this commission for the fiscal years 1932 and 1933 by the first deficiency act, fiscal year 1932, shall be available for payments heretofore or hereafter made for press-clipping service.

Mr. STAFFORD. Mr. Chairman, I reserve a point of order. The purpose is to inquire whether there has been any change in existing law as to extending the scope of the Mixed Claims Commission.

Mr. BYRNS. No; there has not been.

Mr. STAFFORD. I read the hearings carefully this morning, and I assume that there is no purpose on the part of the committee to extend the scope of the commission.

Mr. BYRNS. There is not.

Mr. STAFFORD. As has been recommended by the Foreign Affairs Committee under a certain bill now on the calendar.

Mr. BYRNS. It is not the purpose to extend the scope of the commission, and it has not been extended.

Mr. STAFFORD. I did not have time to read closely the hearings relating to the need for continuing the service. A former Member of the House, Mr. Robert W. Bonyne, is one of the paid employees of the commission. I know the gentleman from Tennessee realizes how difficult it is to conclude any Government work when once it is begun. When will this work be completed?

Mr. BYRNS. Mr. Bonyne and his assistants have rendered splendid service. This Mixed Claims Commission has performed fine service. I understand there are about 16 more claims, involving about \$2,000,000.

It is expected they will be concluded by July 1.

Mr. STAFFORD. Then there is hope that the work will be concluded in the near future, and we will not have a repetition of these other claims commissions like that in Cuba and Mexico, dragging on year after year at great expense to the Government?

Mr. BYRNS. As far as anyone can tell now, this completes the job.

Mr. STAFFORD. Mr. Chairman, I withdraw the reservation of the point of order.

The Clerk read as follows:

#### BUREAU OF INTERNAL REVENUE

Refunding taxes illegally or erroneously collected: For refunding taxes illegally or erroneously collected, as provided by law, including the payment of claims for the fiscal year 1933 and prior years, \$28,000,000: *Provided*, That a report shall be made to Congress by internal-revenue districts and alphabetically arranged of all disbursements hereunder in excess of \$500 as required by section 3 of the act of May 29, 1928 (U. S. C., Supp. V, title 26, sec. 149), including the names of all persons and corporations to whom such payments are made, together with the amount paid to each.

Mr. ALLGOOD. Mr. Chairman, I reserve a point of order in order to ask the chairman of the Committee on Appropriations about the rate of interest that is paid by the Government. I understand there is a disparity in the rate of interest that the Government pays and the rate of interest the Government receives from the taxpayers on these refunds.

Mr. BYRNS. Yes. I have always felt the Government has rendered a grave injustice, in the sense that it only pays 4 per cent and it charges 6 per cent to those who owe money to the Government because of this overassessment.

Mr. ALLGOOD. I think that is a grave injustice. How can that be remedied?

Mr. BYRNS. It will be necessary to amend the law.

Mr. ALLGOOD. And that can not be done on this appropriation bill.

Mr. BYRNS. No. It can not.

Mr. ALLGOOD. I just wanted to call that fact to the attention of the House, that an injustice is existing between

the rate of interest paid by the Government and that which is paid by those who owe the Government.

Mr. BRIGGS. Will the gentleman yield that I may ask the chairman of the Committee on Appropriations a question?

Mr. ALLGOOD. I yield.

Mr. BRIGGS. At what rate are these refunds being made this year as compared with the previous year?

Mr. BYRNS. I do not have the figures for last year just at this moment. They were made at the rate of \$18,000,000 for the first four months of this fiscal year. Then \$5,600,000 was expended in November of the present fiscal year. It is expected by the committee that the amount appropriated here will be amply sufficient to meet the requirements between now and July 1, everything considered. Eighty million dollars was expended in the year 1931.

Mr. BRIGGS. And the previous year what was the amount of the refund?

Mr. BYRNS. Sixty-nine million dollars for 1930. One hundred and ninety million in 1929.

Mr. BRIGGS. The refunds have been decreasing, possibly, except last year. Is that true?

Mr. BYRNS. Yes. If this appropriation proves sufficient—and we believe it will be more than sufficient—it will mean that \$59,000,000 will be repaid this year.

Mr. BRIGGS. What check is being made by Congress, through the joint committee, of these huge refunds? I notice from the newspapers that some of them run into millions of dollars, and it is exceedingly strange that errors of that kind should be made by great organizations and great estates that have an opportunity of getting the very best financial advice in making out their income-tax returns. Why is it that these vast claims are still being pressed upon the Government, with the tremendous refunds following? Has the gentleman any idea why that exists?

Mr. BYRNS. I can not say, except that it is founded upon some mistake that has been found by the examiners or by those who examine the reports. A great many of them are due to court decisions. The Board of Tax Appeals will decide a case one way and the court will decide another. So a great many of these refunds arise out of court decisions.

Mr. BRIGGS. Are the refunds checked by this Joint Committee on Taxation?

Mr. BYRNS. I understand under the law all refunds amounting to \$100,000 and more are required to be sent here for examination by the joint committee to which the gentleman refers.

Mr. BRIGGS. And that committee recommends to Congress payment if it is approved by the joint committee, and only then?

Mr. BYRNS. This joint committee is given 30 days within which to investigate those claims, and if they are not disapproved within that time they are paid.

Mr. ALLGOOD. As I understand, these are virtually judgments against the Government. Regardless of whether we favor or oppose the refunds, they are claims against the Government and bear 4 per cent interest and must be paid.

Mr. BYRNS. The gentleman is entirely correct.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. ALLGOOD. I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BRIGGS. Will the gentleman yield?

Mr. ALLGOOD. I yield.

Mr. BRIGGS. Is it true that all these refund claims are based on judgments, or are they allowances by the Income Tax Bureau, as well as decrees by the Board of Tax Appeals and the courts?

Mr. BYRNS. No. I did not mean to be so understood. I said a great many of them—and I think the majority of them—are based upon court decisions, but many of them are allowed by the commissioner; to what extent, I can not tell the gentleman now.

Mr. ALLGOOD. Mr. Chairman, I withdraw the reservation of point of order.

Mr. STAFFORD. Mr. Chairman, I move to strike out the last word. There has been a great deal of criticism of the Treasury Department as to the refunds made. Before any refund can arise there must be first an application made to the local collector. Then the field man must pass upon it. It then goes to the Income Tax Unit. The Income Tax Unit must approve it. Then it goes to the general counsel and the general counsel must approve of it. If it is more than \$75,000, it comes to the congressional committee for approval. They O. K. it, and then finally it is passed upon by the Comptroller General. Every safeguard is taken on these refunds and there is very little to this criticism that is so general, that there is no merit to the refunds, because they are meritorious claims. Otherwise they would not pass muster of all these supervising officials.

Mr. WOLCOTT. Will the gentleman yield?

Mr. STAFFORD. I yield.

Mr. WOLCOTT. The chairman of the Committee on Appropriations mentioned the fact that a great many of these refunds are necessitated by judicial interpretations. Is it not a fact that because of those interpretations the Treasury Department, taking advantage of the new determination of the law, collected millions of dollars more than they have refunded?

Mr. STAFFORD. Yes; and the practice of the Treasury Department has been for several years to take advantage of, and resolve the benefit of every doubt in favor of the Government, and force the taxpayer to appeal for a refund rather than to have the Government make a claim for deficient taxes against the taxpayer. That is why these funds run into the millions and millions of dollars—because the Government by its policy takes advantage of every doubt in its favor and forces the taxpayer to come to the Government for relief.

The pro forma amendment was withdrawn.

The Clerk read as follows:

Acquisition of land, Fort Knox, Ky.: For the completion of the acquisition of approximately 75 acres of land at Saunders Spring, Ky., for the construction of a water-supply system for Fort Knox, Ky., authorized by the act approved July 3, 1926 (44 Stat., p. 877), fiscal year 1933, \$250.

Mr. THOMASON. Mr. Chairman, I offer an amendment. The Clerk read as follows:

Amendment offered by Mr. THOMASON: Beginning with line 9, page 11, strike out the paragraph ending in line 14.

Mr. THOMASON. Mr. Chairman, I feel no special concern in the small amount of money involved in this item.

I made a prediction on the floor of this House a few days ago that has come true even sooner than I expected or anticipated. Down in my country on the Mexican border is a military post, known as Fort D. A. Russell, which only three years ago was made a permanent post of the United States Army by official order of the War Department. Approximately \$1,000,000 is invested in that post. One hundred and eighty houses were built, of which 156 are permanent structures. Four hundred and thirty-five acres of land were bought. That little desert town way down in the southwestern part of Texas, near the Mexican border, was selected when the War Department thought after the Villa raid at Columbus, N. Mex., and the Brite ranch raid that the Big Bend country of Texas was entitled to some protection.

That county, with small tax values and with little land in cultivation or under irrigation, built 151 miles of paved roads. They paved their streets. They built water mains up to the post. They relied upon the faith of the Government.

Right to-day, while I speak, a whole fleet of trucks is moving every soldier from that post, nearly 2,000 miles, to Fort Knox, Ky., and at a very large and unnecessary expense.

Last year the waterworks system at Fort D. A. Russell was improved. Now, the War Department, without even consulting Congress, without consulting any committee, although I had a resolution pending in the House and the

junior Senator from Arizona [Mr. HAYDEN] had one pending in the Senate and the chairman of the House Military Affairs Committee [Mr. McSWAIN] very courteously asked the Secretary of War to hold up the removal of the troops until there could be a hearing on the matter, arbitrarily moved every soldier, unless it be a few caretakers, out of that post and are now moving them to Fort Knox, Ky.; and I venture to predict again, as I did the other day, that within less than a year instead of \$250 they will be asking for \$250,000 for Fort Knox.

Mr. Chairman, as a matter of justice to communities and as a matter of economy, I feel that some policy ought to be determined by Congress about the location and permanence of Army posts. Of course, the President and War Department have the right, as they ought to have, to move troops wherever they think wise; but I say that in peace times the War Department ought not to go into a little town—or a big one either for that matter—and spend a lot of the taxpayers' money and then, without the approval of Congress, arbitrarily abandon a post; spend a lot of money and wreck the business life of a community. Such a course is neither wise nor just.

I recall, as many of you do, that some years ago a new railroad would buy a townsite and build fine railroad shops. It would do a lot of advertising, and people would come in there and buy lots and build houses. Then, in 6, 8, or 10 years, they would move their shops and boost another town. Laws have been passed by the States against such a course, and Congress ought to adopt some kind of a fair and just policy about its Army posts.

Fort Knox will now receive its thousands of dollars. Fort D. A. Russell is abandoned and forgotten, at least by the War Department. The taxpayers pay the bill; and the Army marches on.

[Here the gavel fell.]

Mr. THOMASON. Mr. Chairman, I ask unanimous consent to proceed for two additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. THOMASON. I think I could make the contention and back it up with very sound argument that if in peace time soldiers are needed it is along the Mexican border. I know how Americans suffered after the Columbus raid. I know what happened at the Brite ranch when American citizens were killed, and I say I think I could defend the proposition that soldiers are needed in peace times along the Mexican border in view of the revolutionary activity south of the border.

Furthermore, I have a verbatim copy of the order issued by the War Department that made Fort D. A. Russell a permanent post. I had a resolution in the House and there was one in the Senate, and a request was made of the Secretary of War that this be delayed until at least after the cold winter season, that time should be given to investigate it and determine on a policy, yet the request was disregarded.

Mr. MORTON D. HULL. What does the gentleman's resolution provide?

Mr. THOMASON. The resolution provides for a fair and just investigation to the end that their order be held up until Congress can determine what is the right and just thing to do. [Applause.]

[Here the gavel fell.]

Mr. LaGUARDIA. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I can understand the interest of the gentleman from Texas in this particular case; but I fear that the very remedy he suggests explains the reason for the scattering of military posts throughout the United States and the enormous cost of maintenance of the Army. The trouble is that these many small posts were established by Congress, and in the eagerness to obtain such legislative pork a post was put here, there, and everywhere; and then when we are confronted with the necessity of economizing the War Department must necessarily concentrate their



forces in order to cut down expenses. This results in closing many posts.

I submit that the purpose of the Army is not to create business for any locality. It is not to stimulate or to keep a community going. The purpose in peace time is to keep a skeleton army as efficient as possible and trained under the limitations of appropriations which Congress makes.

If the War Department would be left unhampered by Congress and by such complaints as the gentleman from Texas now makes, it might concentrate large bodies of our military forces at five or six various points in the United States. It would be far better for the necessary training of the officers and noncommissioned officers, because, after all, in times of emergency, under modern warfare, they are dealing with large bodies of men. The time has passed when any officer will be called upon in an emergency to handle a small contingent of men such as we had in Indian warfare in the old days.

I was raised on a military post, and I never saw, in all my boyhood, more than one regiment at one time, and no officer can be properly trained by handling a company or a battalion or a regiment. Under modern-warfare conditions it is necessary to train officers in handling and operating with large bodies of men.

I sympathize with the conditions the gentleman describes, but I submit it is not the fault of the War Department. Everyone knows that I have criticized the War Department a great deal, and many times when perhaps I did not know what I was talking about; but this time let me say the War Department is not to blame. The original fault is with Congress in establishing many military posts as log-rolling propositions and then complaining when these posts, as a matter of economic necessity, must be abandoned.

Mr. THOMASON. May I interrupt the gentleman?

Mr. LA GUARDIA. Certainly.

Mr. THOMASON. This particular post was established voluntarily by the War Department without the solicitation of this town or section following the Villa raid at Columbus, N. Mex.

Mr. LA GUARDIA. That may be true, but the mere fact it was established after an unexpected contingency would, in and of itself, show it was not a permanent establishment.

Mr. THOMASON. Does not the gentleman think that in peace time soldiers are as much needed along the Mexican border, if not more so, than anywhere else in the country?

Mr. LA GUARDIA. No. I may say that what I believe is the greatest inspiration for peace in the whole world is the fact that the Canadian border was never fortified and was never manned by any military force on either side of the border. Remember the Army is not and must not be used as a local police force.

Mr. THOMASON. For what purpose does the gentleman think soldiers are needed in Kentucky and what is the need for the building up of a post there at large expense?

Mr. LA GUARDIA. If they are going to be trained, they are needed where the largest number can be better trained at the least cost.

Mr. THOMASON. In other words, the gentleman's idea is more and bigger parades?

Mr. LA GUARDIA. No; not at all, but more and better training. Certainly it is no justification for the maintenance of a post to say that business needs a military organization at any given place, because if that is true in the gentleman's community, it is true of every community in the United States.

[Here the gavel fell.]

Mr. GREEN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I doubt the wisdom of abandoning at this time any of our military posts. I believe in our zeal for economy—and frankly I am for economy—we should not lessen our national defense.

I support the platform of the Democratic Party that calls for reduction in Government expenses of 25 per cent. I believe we can reduce the expenditures of our Government 25 per cent, or even 50 per cent, without impairing its use-

fulness to our citizens. However, I do not believe we should retrench in our Military Establishment.

I am wondering, when we learn so much about the great army of unemployed and when we are trying to devise measures to relieve unemployment, if it would not be wise if we would open the door of our Army and our Navy to the enlistment of many more American citizens who desire to enlist and who are physically fit and otherwise qualified for military or naval service.

#### PROVIDE FOR ENLISTMENTS OF 12 MONTHS' DURATION

I realize that the amount paid to a private in the Army or the Navy is very small, but we have hundreds of thousands of young men, as well as older men, in our country who are desirous of enlisting in the Army or Navy and would make good soldiers. Would it not be wise to let them enlist for perhaps 12 months?

We would not necessarily have to establish additional facilities to take care of them. They could be quartered in tents, if you please, in the milder climates of our country.

In my State, Florida, the climate is so mild that they can live the year round in tents. It would be entirely unnecessary to build permanent houses and quarters for them. Hundreds of thousands of them could be so quartered in Florida without any detriment to Florida, and in fact may prove an asset. Here in this wonderful climate and in its open air and sunshine their minds and physical health would be benefited. Their best health would be realized and their minds would find rest and contentment. They would be thus far removed from the turmoil and discontent of our congested population centers, and would, for the time being at least, cease to worry about the bare necessities of life. In this way our Army and Navy would receive most valuable recruits and in all probability the standards and standing of our Army and Navy would be noticeably raised.

The small pay allowed a soldier would go far toward providing the necessities of life for his dependents left at home. Of course, this enlistment should be optional, as it is now. It should not be compulsory. Daily I receive communications from young men and even men of middle age or older begging for the opportunity to join the Army or Navy. The recruiting offices have long lists of eligibles on their waiting lists.

The adequate defense of our country must be provided for. If the door for enlistment was opened, our national defense would be greatly strengthened and at the same time unemployment would be somewhat relieved. The safest nation is the one best prepared to defend itself. In this a twofold purpose could be served.

In this connection our National Guard could be given more drill nights per month and their enlistments could be enlarged. This could be done without much additional cost for equipment. Nearly all of the money paid out would go to the enlisted men and would then be placed by them in circulation in all parts of the country.

I hope my colleagues will consider this matter and will discourage the abandoning of military posts, as in the Texas case.

[Here the gavel fell.]

The pro forma amendment was withdrawn.

The Clerk completed the reading of the bill.

Mr. BYRNS. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. O'CONNOR, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 13975) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes, and had directed him to report the same back with one amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. BYRNS. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The motion was agreed to.

The SPEAKER. The question is on the amendment.

The question was taken; and on a division (demanded by Mr. DICKSTEIN) there were 25 ayes and 63 noes.

Mr. DICKSTEIN. Mr. Speaker, I object to the vote on the ground that there is no quorum present.

The SPEAKER. Evidently there is no quorum present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 114, nays 170, not voting 146, as follows:

[Roll No. 136]

#### YEAS—114

Adkins	Crowther	Kemp	Schuetz
Andrew, Mass.	Davis, Pa.	Kvale	Seeger
Auf der Heide	Delaney	LaGuardia	Selvig
Bacon	De Priest	Lankford, Va.	Shott
Beam	Dickstein	Leavitt	Sinclair
Biddle	Dowell	Leibach	Sirovich
Black	Eaton, N. J.	Lichtenwalner	Smith, Idaho
Bolleau	Englebright	Loneragan	Snell
Boland	Finley	Loofbourow	Snow
Bolton	Free	Luce	Somers, N. Y.
Briggs	Gibson	McCormack	Stalker
Brumm	Gifford	Manlove	Stewart
Burdick	Goss	Martin, Mass.	Stull
Burness	Granfield	Millard	Sutphin
Cable	Griffin	Moore, Ohio	Taylor, Tenn.
Carter, Calif.	Hadley	Mouser	Temple
Celler	Hall, N. Dak.	Nelson, Me.	Thomason
Chavez	Hancock, N. Y.	Nolan	Turpin
Chindblom	Hartley	Norton, N. J.	Watson
Christgau	Hawley	Peavey	Welch
Clancy	Hess	Person	White
Cochran, Pa.	Hill, Wash.	Pittenger	Wigglesworth
Colton	Holmes	Ramseyer	Withrow
Condon	Hooper	Ransley	Wolcott
Connery	Houston, Del.	Reed, N. Y.	Wolfenden
Connolly	Jenkins	Reid, Ill.	Wolverton
Cooper, Ohio	Johnson, S. Dak.	Robinson	Woodruff
Coyle	Kading	Rogers, Mass.	
Crosser	Kelly, Pa.	Schafer	

#### NAYS—168

Allgood	Estep	Lamneck	Pratt, Harcourt J.
Almon	Fernandez	Lanham	Pratt, Ruth
Arentz	Fiesinger	Lankford, Ga.	Ragon
Arnold	Fishburne	Larrabee	Rainey
Ayres	Flannagan	Lewis	Ramspeck
Bankhead	Flood	Lovette	Rayburn
Barton	French	Lozier	Reilly
Blanton	Fuller	Ludlow	Rogers, N. H.
Boehne	Fulmer	McClintic, Okla.	Sanders, Tex.
Brand, Ohio	Garber	McClintock, Ohio	Sandlin
Britten	Gasque	McDuffie	Shallenberger
Browning	Gilchrist	McGugin	Shannon
Buchanan	Glover	McKeown	Smith, Va.
Burch	Goldsborough	McMillan	Smith, W. Va.
Busby	Green	McReynolds	Spence
Byrns	Greenwood	McSwain	Stafford
Campbell, Iowa	Gregory	Magrady	Stevenson
Cannon	Haines	Major	Stokes
Carden	Hall, Ill.	Maloney	Strong, Kans.
Castellow	Harlan	Mansfield	Strong, Pa.
Chapman	Hart	Mapes	Summers, Wash.
Christopherson	Hastings	Martin, Oreg.	Swank
Clarke, N. Y.	Haugen	May	Swanson
Cochran, Mo.	Hill, Ala.	Michener	Swick
Cole, Iowa	Hoch	Miller	Taber
Collins	Holaday	Milligan	Tarver
Cox	Hollister	Mitchell	Underwood
Cross	Hope	Montague	Vinson, Ga.
Crowe	Howard	Montet	Vinson, Ky.
Darrow	Huddleston	Moore, Ky.	Warren
Davis, Tenn.	Hull, Morton D.	Morehead	Wason
DeRouen	Jacobsen	Nelson, Mo.	West
Disney	Johnson, Mo.	Norton, Nebr.	Whittington
Dominick	Johnson, Okla.	O'Connor	Williamson
Doughton	Johnson, Tex.	Overton	Wilson
Douglas, Ariz.	Jones	Parker, Ga.	Wingo
Drane	Keller	Parker, N. Y.	Wood, Ga.
Drewry	Kerr	Parks	Wood, Ind.
Driver	Kinzer	Parsons	Woodrum
Dyer	Kniffin	Patman	Wright
Ellzey	Kopp	Patterson	Wyant
Eslick	Lambertson	Pettengill	Yon

#### NOT VOTING—146

Abernethy	Beck	Bulwinkle	Chiferfield
Aldrich	Beedy	Butler	Clague
Allen	Bland	Campbell, Pa.	Clark, N. C.
Amile	Bloom	Canfield	Cole, Md.
Andresen	Bohn	Carley	Collier
Andrews, N. Y.	Bowman	Carter, Wyo.	Cooke
Bacharach	Boylan	Cartwright	Cooper, Tenn.
Bachmann	Brand, Ga.	Cary	Corning
Baldrige	Brunner	Cavichia	Crall
Barbour	Buckbee	Chase	Crump

Culkin	Guyer	Larsen	Schneider
Cullen	Hall, Miss.	Lea	Seiberling
Curry	Hancock, N. C.	Lindsay	Shreve
Davenport	Hardy	McFadden	Simmons
Dickinson	Hare	McLeod	Sparks
Dies	Hogg, Ind.	Maas	Stegall
Dieterich	Hogg, W. Va.	Mead	Sullivan, N. Y.
Douglass, Mass.	Hopkins	Mobley	Sullivan, Pa.
Doutrich	Hornor	Murphy	Sumners, Tex.
Doxey	Horr	Nelson, Wis.	Sweeney
Eaton, Colo.	Hull, William E.	Niedringhaus	Swing
Erk	Igoe	Oliver, Ala.	Taylor, Colo.
Evans, Calif.	James	Oliver, N. Y.	Thatcher
Evans, Mont.	Jeffers	Owen	Thurston
Fish	Johnson, Ill.	Palmisano	Tierney
Fitzpatrick	Johnson, Wash.	Partridge	Timberlake
Foss	Kahn	Perkins	Tinkham
Frear	Kelly, Ill.	Polk	Treadway
Freeman	Kendall	Pou	Underhill
Fulbright	Kennedy, Md.	Prall	Weaver
Gambrill	Kennedy, N. Y.	Purnell	Weeks
Gavagan	Ketcham	Rankin	Whitley
Gilbert	Kleberg	Rich	Williams, Mo.
Gillen	Knutson	Romjue	Williams, Tex.
Golder	Kunz	Rudd	Yates
Goodwin	Kurtz	Sabath	
Griswold	Lambeth	Sanders, N. Y.	

So the amendment was rejected.

The Clerk announced the following pairs:

Until further notice:

Mr. Cullen with Mr. Bacharach.  
 Mr. Oliver of Alabama with Mr. Aldrich.  
 Mr. Evans of Montana with Mr. Doutrich.  
 Mr. Collier with Mr. Evans of California.  
 Mr. Bulwinkle with Mr. Frear.  
 Mr. Lindsay with Mr. Beck.  
 Mr. Boylan with Mr. Bohn.  
 Mr. Griswold with Mr. Guyer.  
 Mr. Hancock of North Carolina with Mr. Bachmann.  
 Mr. Steagall with Mr. Allen.  
 Mr. Pou with Mr. Culkin.  
 Mr. Tierney with Mr. Knutson.  
 Mr. Gambrill with Mr. Shreve.  
 Mr. Gillen with Mr. Rich.  
 Mr. Carley with Mr. McLeod.  
 Mr. Kleberg with Mr. Kurtz.  
 Mr. Corning with Mr. Cook.  
 Mr. Larsen with Mr. Thurston.  
 Mr. Mead with Mr. Treadway.  
 Mrs. Owen with Mr. Perkins.  
 Mr. Dies with Mrs. Kahn.  
 Mr. Oliver of New York with Mr. Carter of Wyoming.  
 Mr. Romjue with Mr. Andrews of New York.  
 Mr. Mobley with Mr. Fish.  
 Mr. Prall with Mr. Beedy.  
 Mr. Crump with Mr. Cavichia.  
 Mr. Sumners of Texas with Mr. McFadden.  
 Mr. Rudd with Mr. Weeks.  
 Mr. Lambeth with Mr. Sparks.  
 Mr. Polk with Mr. Niedringhaus.  
 Mr. Hare with Mr. Mass.  
 Mr. Gavagan with Mr. Buckbee.  
 Mr. Rankin with Mr. Campbell of Pennsylvania.  
 Mr. Weaver with Mr. Davenport.  
 Mr. Kelly of Illinois with Mr. Erk.  
 Mr. Cole of Maryland with Mr. Freeman.  
 Mr. Sweeney with Mr. Golder.  
 Mr. Brunner with Mr. Hogg of Indiana.  
 Mr. Gilbert with Mr. Chase.  
 Mr. Taylor of Colorado with Mr. Hopkins.  
 Mr. Lea with Mr. Clague.  
 Mr. Williams of Missouri with Mr. Kendall.  
 Mr. Doxey with Mr. Chipfield.  
 Mr. Cary with Mr. Purnell.  
 Mr. Williams of Texas with Mr. Murphy.  
 Mr. Sullivan of New York with Mr. Bowman.  
 Mr. Igoe with Mr. Eaton of Colorado.  
 Mr. Bloom with Mr. Foss.  
 Mr. Hall of Mississippi with Mr. Thatcher.  
 Mr. Sabath with Mr. Underhill.  
 Mr. Kennedy of New York with Mr. Whitley.  
 Mr. Bland with Mr. Ketcham.  
 Mr. Hornor with Mr. Barber.  
 Mr. Abernethy with Mr. Amile.  
 Mr. Jeffers with Mr. Horr.  
 Mr. Brand of Georgia with Mr. James.  
 Mr. Canfield with Mr. Johnson of Washington.  
 Mr. Palmisano with Mr. Hardy.  
 Mr. Clark of North Carolina with Mr. Nelson of Wisconsin.  
 Mr. Dickinson with Mr. Simmons.  
 Mr. Fitzpatrick with Mr. Tinkham.  
 Mr. Kennedy of Maryland with Mr. Yates.  
 Mr. Dieterich with Mr. William E. Hull.  
 Mr. Cartwright with Mr. Goodwin.  
 Mr. Cooper of Tennessee with Mr. Curry.  
 Mr. Douglass of Massachusetts with Mr. Crall.  
 Mr. Kuntz with Mr. Seiberling.  
 Mr. Fulbright with Mr. Timberlake.

Mr. BROWNING. Mr. Speaker, my colleague, the gentleman from Tennessee [Mr. COOPER] is absent on account of serious illness in his family. If he were present, he would have voted "no."



The result of the vote was announced as above recorded.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. BYRNS, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### DISTRIBUTION OF GOVERNMENT-OWNED COTTON TO RED CROSS

Mr. FULMER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the Red Cross, and other organizations, for relief of distress, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I have no objection to the bill going to conference provided the conferees will give the House an opportunity to vote on the last amendment proposed by the Senate, if they should happen to agree to it. I do not wish to tie the hands of the conferees, but the last amendment is an entire departure from anything carried in the original House bill. It authorizes the Government to credit the Cotton Stabilization Board for money advanced for various purposes. I think the gentleman will agree that that is a departure from the purpose of the original bill.

Mr. FULMER. The gentleman refers to the Senate amendment?

Mr. STAFFORD. Yes.

Mr. FULMER. If, for instance, the conferees agree to cut out the Senate amendment, then it would be perfectly satisfactory to the gentleman?

Mr. STAFFORD. Yes.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER appointed the following conferees: Mr. JONES, Mr. FULMER, Mr. HAUGEN.

#### STREET RAILWAY MERGER, DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table House Joint Resolution 154, to authorize the merger of street-railway corporations operating in the District of Columbia, and for other purposes, with Senate amendments thereto, and agree to the Senate amendments.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I reserve the right to object.

Mr. SCHAFER. Mr. Speaker, I object.

Mr. SNELL. Mr. Speaker, will the gentleman withhold his objection?

Mr. SCHAFER. Yes.

Mr. SNELL. As I understand it, there is no great difference of opinion between the House bill and the Senate bill?

Mrs. NORTON. Oh, there are quite a number of Senate amendments. I have taken the matter up with my committee, and the committee has agreed to all of the Senate amendments.

Mr. BLANTON. Mr. Speaker, will the gentlewoman from New Jersey yield?

Mrs. NORTON. Yes.

Mr. BLANTON. Is it not a fact that the objections that we raised to the bill in the House were looked after in the Senate and that all of the matters were properly safeguarded in the interest of the people of the District?

Mrs. NORTON. I may say to the gentleman that they have all been safeguarded.

Mr. BLANTON. Therefore, I hope the gentleman from Wisconsin will see fit to let the gentlewoman's request be granted.

Mr. SCHAFER. That may be true; but if the beer bill comes back with Senate amendments, is the gentleman going to agree to all of the amendments without inquiry?

Mr. BLANTON. No; I will not. No beer bill is coming back from the Senate. I predict that the Senate is not going to violate the Constitution of the United States.

The SPEAKER. Is there objection?

Mr. SCHAFER. Mr. Speaker, I object.

#### LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. KLEBERG, at the request of Mr. THOMASON, on account of illness.

To Mr. DIES, for an indefinite period, on account of illness.

To Mr. MEAD, for one week, on account of illness.

To Mr. BOHN, indefinitely, at the request of Mr. HOOPER, on account of important business.

#### ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 15 minutes p. m.) the House adjourned until to-morrow, Thursday, January 5, 1933, at 12 o'clock noon.

#### COMMITTEE HEARINGS

Tentative list of committee hearings scheduled for Thursday, January 5, 1933, as reported to the floor leader:

DISTRICT OF COLUMBIA—SUBCOMMITTEE ON PUBLIC UTILITIES  
(8 p. m.)

H. R. 13853, a bill to authorize the merger of the Georgetown Gaslight Co. with Washington Gas Light Co.

RIVERS AND HARBORS  
(10.30 a. m.)

Hearings on Calumet Harbor and River project.

MERCHANT MARINE, RADIO, AND FISHERIES  
(10 a. m.)

Hearings on S. 4491, a bill for regulation of intercoastal carriers.

#### EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

845. A letter from the Secretary of War, transmitting a report of the Chief of Engineers, pursuant to the rivers and harbors act approved July 3, 1930, on preliminary examination and survey of Erie Harbor, Pa., together with accompanying papers and illustrations; to the Committee on Rivers and Harbors.

846. A communication from the President of the United States, transmitting a request that the estimate of appropriation of \$396,048,200 for military and naval compensation, Veterans' Administration, as contained in the Budget for the fiscal year 1934, be reduced to \$372,800,000 (H. Doc. No. 518); to the Committee on Appropriations and ordered to be printed.

847. A communication from the President of the United States, transmitting for the consideration of Congress a supplemental estimate of appropriation pertaining to the legislative establishment, Library of Congress, for the fiscal year 1934, in the sum of \$3,600 (H. Doc. No. 519); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. POU: Committee on Rules. House Resolution 339. A resolution for the consideration of H. R. 13991, a bill to aid agriculture and relieve existing national economic emergency; without amendment (Rept. No. 1817). Referred to the House Calendar.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. GAMBRILL: Committee on Naval Affairs. H. R. 6872. A bill for the relief of Elbert L. Grove; with amendment (Rept. No. 1818). Referred to the Committee of the Whole House.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. COYLE: A bill (H. R. 14030) authorizing the Bushkill Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Delaware River at or near Bushkill, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. COX: A bill (H. R. 14031) to provide for the refinancing of farm-mortgage indebtedness by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

By Mr. CARY: A bill (H. R. 14032) to liquidate and refinance agricultural indebtedness and to encourage and promote agriculture, industry, and commerce by establishing a credit system through which farm mortgages may be liquidated and refinanced or refunded at a reduced rate of interest through the Federal reserve banking system and the Federal farm-loan system; to the Committee on Banking and Currency.

By Mr. MARTIN of Massachusetts: A bill (H. R. 14033) to amend the tariff act of 1930; to the Committee on Ways and Means.

Also, a bill (H. R. 14034) to regulate advertising of imported articles; to the Committee on Interstate and Foreign Commerce.

By Mr. McCLINTIC of Oklahoma: A bill (H. R. 14035) to provide that the Reconstruction Finance Corporation shall make loans to farmers on the security of first mortgages, and for other purposes; to the Committee on Banking and Currency.

By Mr. EVANS of Montana: Resolution (H. Res. 340) for the consideration of H. R. 11816, a bill to stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; to stabilize the livestock industry dependent upon the public range, and for other purposes; to the Committee on Rules.

By Mr. COYLE: Joint resolution (H. J. Res. 537) to repeal the seventeenth amendment to the Constitution; to the Committee on the Judiciary.

By Mr. PESQUERA: Joint resolution (H. J. Res. 538) for the relief of Puerto Rico; to the Committee on Insular Affairs.

## PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CARTER of California: A bill (H. R. 14036) for the relief of Charles Burger, warrant officer (retired); to the Committee on Military Affairs.

Also, a bill (H. R. 14037) for the relief of Ernest B. Butte; to the Committee on Military Affairs.

Also, a bill (H. R. 14038) for the relief of Wallace M. Jordan; to the Committee on Claims.

By Mr. CHINDBLOM: A bill (H. R. 14039) granting an increase of pension to Lena Krieger; to the Committee on Pensions.

By Mr. CHRISTGAU: A bill (H. R. 14040) for the relief of Edgar Stivers; to the Committee on Claims.

By Mr. CLANCY: A bill (H. R. 14041) for the relief of the Imperial Shipbuilding Corporation; to the Committee on Claims.

Also, a bill (H. R. 14042) for the relief of Maurice E. Schaffer; to the Committee on World War Veterans' Legislation.

By Mr. COOPER of Ohio: A bill (H. R. 14043) for the relief of B. Edward Westwood; to the Committee on Claims.

By Mr. FINLEY: A bill (H. R. 14044) for the relief of Otha S. Curd; to the Committee on Claims.

By Mr. GLOVER: A bill (H. R. 14045) for the relief of Robert M. Pennock; to the Committee on Military Affairs.

Also, a bill (H. R. 14046) for the relief of Joseph A. Urrey; to the Committee on Claims.

By Mr. HOCH: A bill (H. R. 14047) granting an increase of pension to Laura B. Young; to the Committee on Invalid Pensions.

By Mr. KUNZ: A bill (H. R. 14048) for the relief of Paul Kiehler; to the Committee on Claims.

Also, a bill (H. R. 14049) to correct the naval record of Walter C. Schalk; to the Committee on Naval Affairs.

By Mr. LANHAM: A bill (H. R. 14050) for the relief of Virgil Buzard; to the Committee on Military Affairs.

By Mr. LOZIER: A bill (H. R. 14051) granting a pension to Joseph Thompson; to the Committee on Invalid Pensions.

By Mr. McCORMACK: A bill (H. R. 14052) for the relief of Emma F. Taber; to the Committee on Claims.

By Mr. McKEOWN: A bill (H. R. 14053) granting a pension to Winnie Huffman; to the Committee on Invalid Pensions.

By Mr. SANDLIN: A bill (H. R. 14054) for the relief of Edward W. Goetz; to the Committee on Military Affairs.

By Mr. THOMASON: A bill (H. R. 14055) for the relief of Orrin Burr; to the Committee on Naval Affairs.

By Mr. UNDERWOOD: A bill (H. R. 14056) granting an increase of pension to Martha Buckingham; to the Committee on Invalid Pensions.

By Mr. WELCH: A bill (H. R. 14057) granting an increase of pension to Deborah Hunter; to the Committee on Invalid Pensions.

By Mr. YATES: A bill (H. R. 14058) granting a pension to Elizabeth Dannerberger; to the Committee on Invalid Pensions.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

9359. By Mr. BACON: Petition of sundry citizens of Long Island, N. Y., favoring constitutional amendment eliminating the count of aliens for apportionment purposes; to the Committee on the Judiciary.

9360. By Mr. CARTER of California: Petition of Rev. Charles B. Johnson and 40 other residents of Contra Costa County, Calif., urging the passage of the stop-alien-representation amendment to the United States Constitution; to the Committee on the Judiciary.

9361. By Mr. CHINDBLOM: Petition of the Woman's Home Missionary Society of the Rogers Park Methodist Episcopal Church, Chicago, Ill., Lily I. Cotter, president, and Eloise S. Waite, secretary, urging the enactment of Senate bill 3770 and Senate Resolution 170, relating to the motion-picture industry; to the Committee on Interstate and Foreign Commerce.

9362. Also, petition of Jennie W. Ferry, 604 North Jackson Street, Waukegan, and 48 other citizens of Waukegan, North Chicago, Lake Forest, and Chicago, Ill., urging the passage of the stop-alien representation amendment to the Constitution; to the Committee on the Judiciary.

9363. By Mr. CHRISTGAU: Resolution adopted at a regular meeting of the Alden Parent Teacher Association, Alden, Minn., urging support of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9364. Also, resolution adopted at the regular executive meeting of the Burwell Parent Teacher Association of Hopkins, Minn., urging support of Senate bill 1079 and Senate Resolution 170; to the Committee on Interstate and Foreign Commerce.

9365. Also, resolution adopted at a meeting of the Cathedral Parent Teacher Association of Winona, Minn., urging support of Senate bill 1079; to the Committee on Interstate and Foreign Commerce.

9366. Also, resolution adopted at a meeting of the Woman's Home Missionary Society of Chatfield, Minn., urging support of Senate bill 1079; to the Committee on Interstate and Foreign Commerce.

9367. Also, resolution adopted at a meeting of the St. Joseph's Catholic School, of Winona, Minn., Parent-Teacher Association of the city of Winona, Minn., urging support



of Senate bill 1079; to the Committee on Interstate and Foreign Commerce.

9368. Also, resolution adopted by the Anderson-Miller Post, No. 163, American Legion, Willow River, Minn., urging that favorable action be taken on the measures providing for the immediate cash payment of the adjusted-compensation certificates; to the Committee on Ways and Means.

9369. By Mr. HARLAN: Petition of Irene Denlinger and other residents of Trotwood, Ohio, urging support for the stop-alien representation amendment, and count only American citizens, when making future apportionments for congressional districts; to the Committee on the Judiciary.

9370. By Mr. LINDSAY: Petition of the Dodds Granite Corporation, Milford, Mass., favoring the use of granite for the New York Federal courthouse; to the Committee on Appropriations.

9371. Also, petition of Sadie E. Leinfelder, of Brooklyn, N. Y., opposing further cut in Federal salaries; to the Committee on Ways and Means.

9372. By Mr. MAGRADY: Petition of Eva L. Van Dine, Judith Myers, Mr. and Mrs. J. E. Stamm and sons, Mr. Waldron, Wilda B. Margritz, Mrs. S. J. Pannebaker, Mrs. V. Young, and Elizabeth Stump, all of Potts Grove, Northumberland County, Pa., favoring the stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9373. By Mr. MURPHY: Petition of 17 residents of Salineville, Ohio, urging the passage of the stop-alien-representation amendment to the United States Constitution to cut out the 6,280,000 aliens in this country and count only American citizens when making future apportionments for congressional districts; to the Committee on the Judiciary.

9374. By Mr. RUDD: Petition of the Long Island Chamber of Commerce, Long Island, N. Y., opposing the ratification of the Great Lakes-St. Lawrence waterway treaty; to the Committee on Interstate and Foreign Commerce.

9375. By Mr. SWANSON: Petition of Rev. W. Frank Lister and 71 others, favoring the adoption of the stop-alien-representation amendment to the Constitution; to the Committee on the Judiciary.

9376. By Mr. TEMPLE: Petition of Fraternal Order of Eagles of Washington and Greene Counties, Pa., protesting against the continuance of the furlough provision in the economy law; to the Committee on Ways and Means.

## SENATE

THURSDAY, JANUARY 5, 1933

(Legislative day of Wednesday, January 4, 1933)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

HUBERT D. STEPHENS, a Senator from the State of Mississippi, appeared in his seat to-day.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

### MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Chaffee, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 13607) to authorize the distribution of Government-owned cotton to the American National Red Cross and other organizations for relief of distress; requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. JONES, Mr. FULMER, and Mr. HAUGEN were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H. R. 13975) making appropriations to supply urgent deficiencies in certain appropriations for the fiscal year ending June 30, 1933, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1933, and for other purposes, in which it requested the concurrence of the Senate.

### ANNUAL REPORT OF THE PUBLIC PRINTER

The VICE PRESIDENT laid before the Senate a letter from the Public Printer, transmitting, pursuant to law, his report on the work of the Government Printing Office for the fiscal year ended June 30, 1932, and also for the last half of the calendar year 1932, which, with the accompanying report, was referred to the Committee on Printing.

### COUNT OF THE ELECTORAL VOTE

The VICE PRESIDENT. In accordance with the provisions of House Concurrent Resolution 44, agreed to by the Senate on yesterday, the Chair appoints the Senator from Illinois [Mr. GLENN] and the Senator from Utah [Mr. KING] as the tellers on the part of the Senate in the counting of the electoral vote for President and Vice President at the joint session of the two Houses of Congress on Wednesday, February 8, next.

### PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the American Historical Association in convention assembled favoring the making of an appropriation for continuation of the publication by the Government of the official papers of the Territories from which States have been formed as an important contribution to the understanding of American history, which was referred to the Committee on Appropriations.

Mr. COPELAND presented a resolution adopted by the New York Detachment, No. 1; Hudson Detachment, Jersey City, N. J.; Captain Burwell H. Clarke Detachment, of Newark, N. J.; and the Bergen County Detachment, of Hackensack, N. J., Marine Corps League, in joint conference assembled, opposing further reduction in the personnel of the United States Marine Corps, which was referred to the Committee on Naval Affairs.

He also presented resolutions adopted by the Association of New York State Canners (Inc.) opposing governmental participation in the activities of the canning industry, and favoring the exclusion of food products from the operation of a general sales tax, which were referred to the Committee on Commerce.

He also presented resolutions adopted by the Warehousemen's Association of the Port of New York (Inc.), New York City, protesting against favorable consideration by the Reconstruction Finance Corporation of a proposal for a loan of \$11,000,000, or any other sum, for financing development of the water front in New York Harbor for increased terminal facilities, which were referred to the Committee on Banking and Currency.

He also presented a resolution adopted by Neversink Division, No. 52, Order of Railroad Conductors, of Port Jervis, N. Y., protesting against proposed further wage reductions affecting railway employees, which was referred to the Committee on Interstate Commerce.

He also presented the petition of the president of Miss Mason's School, The Castle, Tarrytown-on-Hudson, N. Y., and sundry citizens of the State of New York, praying for the passage of the bill (S. 4472) to provide for the restoration, through exchange, of certain timberlands to the Yosemite National Park, Calif., and for other purposes, which was referred to the Committee on Public Lands and Surveys.

He also presented a resolution adopted by the Academy Civic Association, Public School No. 165, 225 West One hundred and eighth Street, New York City, N. Y., favoring the repeal of the economy act in the interest of Federal employees, which was referred to the Committee on Appropriations.

He also presented a memorial of sundry citizens, being letter carriers attached to the Corona, N. Y., post office, remonstrating against the passage of legislation to further reduce the compensation of postal employees, which was referred to the Committee on Appropriations.

He also presented a resolution adopted by the Woman's Matowac Democratic Organization, of Bayside, Long Island, N. Y., favoring the repeal of the economy act in the interest